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Handbook of Procedures, Construction Grants Program for Municipal Wastewater Treatment Works

(U.S.) Environmental Protection Agency, Washington, DC

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Handbook of Procedures

Construction Grants Program for Municipal Wastewater Treatment Works

TRANSMITTAL MEMORANDUM

NO. 78-1

DECEMBER 1977

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Municipal Construction Division
Water Program Operations
Office of Water and Hazardous Materials

U.S. Environmental Protection Agency
Washington, D.C. 20460

MCD-03.3

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16. ABSTRACT

This Handbook contains revised pages for the Construction Grants Handbook of Procedures. This represents the third in a series of transmittal memoranda.

17. KEY WORDS AND DOCUMENT ANALYSIS

a. DESCRIPTORS	b. IDENTIFIERS/OPEN ENDED TERMS	c. COSATI Field/Group
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EXECUTIVE CORRESPONDENCE 1

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460

FEB 17 1978

OFFICE OF WATER AND
HAZARDOUS MATERIALS

CONSTRUCTION GRANTS
TRANSMITTAL MEMORANDUM
TM No. 78-1

SUBJECT: Revisions to Construction Grants Handbook of Procedures

FROM: John T. Rhett, Deputy Assistant Administrator for Water Program Operations (WH-547)

TO: All Regional Administrators I-X
ATTN: Water Division Directors

PURPOSE:

The purpose of this memorandum is to transmit revised pages for the Construction Grants Handbook of Procedures.

DISCUSSION:

The attached changes result from the issuance of Program Requirements Memoranda and other policy statements since the date of the last TM (TM 77-1, 1-10-77).

HANDBOOK REVISIONS:

1. Page II-7: The sentence specifying information required for priority lists was altered in accordance with PRM 77-7, 5-31-77.

2. Page III-4: The reference to PG-53 was deleted; certain references to the procurement regulations were added; and, a statement was added concerning the use of the special engineering contract on projects for which Farmers Home Administration provides local share assistance (per Program Operations Memorandum 77-5, 2-7-77).

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RETURN IT WITH THE FILE COPIES TO ORIGINATING OFFICE

3. Pages IV-12, V-6 & 7 and VI-6 & 7: PL 94-488 contains provisions which negate earlier restrictions on the use of revenue sharing funds for matching purposes in the Construction Grants Program. Therefore, restrictive language in the Handbook has been deleted on the above pages. Also, references to PRM 75-1 (PG-3) have been deleted for the same reason.

4. Page IV-15: Under "Procedures" in paragraph 4, form 240 was changed to "424", the phrase "and the U.S. Department of the Treasury" was dropped, and the date 8-8-73 was changed to "2-17-76" - all in accordance with circular 1082, dated 2-17-76.

5. Pages V-5 & 13: Under "Discussion" (V-5) a phrase has been added to emphasize the need for grantees to undertake preliminary easement work during Step 2; also, policy referenced in paragraph II, V-13. (per PRM 77-6, 5-4-77.)

6. Page V-17: Under paragraph (5), after present statement on 5% bid bond add the phrase: "unless required by State/local law". This phrase was inadvertently omitted from the change effected by TM 77-1.

7. Page VI-12: Special "NOTE" has been added to emphasize the importance of managing the preconstruction phase of Step 3 projects in accordance with Program Operations Memorandum 77-12, 6-21-77.

8. Page VI-13: Paragraph "d" added to caution that EPA concurrence is required if grantee rejects all bids. (per memorandum re: rejection of bids, 9-1-76.)

9. Page VI-30: A statement indicating that EPA letters approving user charge systems must indicate that approval relates only to the portion of the system of user charges applicable to operation and maintenance cost - Program Operations Memorandum 77-11, 6-16-77.

10. Page VII-6: An example of an ineligible type of ordinance (sewer use ordinance) has been added to the statement on special assessment districts.

11. Page VII-14: The section on "Tools" was expanded to reflect the provisions of the memorandum "Grant Eligibility of Certain Equipment" (4-15-77). This memorandum expands the interpretation of allowable "tools" to include certain basic tools/machines which would not ordinarily be considered "special purpose" but are necessary to assure the uninterrupted functioning of the facility.

12. Pages VII-26 & 28: Language was added to reflect the need to expedite actual disbursements to grantees. The requirements are stipulated

in the memorandum "Construction Grant Payment Processing" dated July 27, 1977, from the Assistant Administrator for Water and Hazardous Materials and the Acting Assistant Administrator for Planning and Management.

13. Appendix B: New material was added as listed below (also included is a revised cover sheet for the Appendix):

- New application form 5700-32 (Revised 6-76)
- New form 5700-41, Cost Summary for Subagreements
- New form 424, Notification of Grant-in-Aid Action
- Summary of "Regional Reporting Requirements through RCGMIS"

14. Also attached is a replacement for the last page of the listing of program directives appearing in Appendix D.

FILING INSTRUCTIONS:

1. File this TM in Appendix D of the Grants Handbook.
2. Substitute the attached pages ("bottom" dated December 1977, TM 78-1) for the appropriate pages presently in the Handbook.

(c) the need for preservation of high quality waters;

(d) national priorities;

(e) total funds available;

(f) treatment works sequence;

(g) any additional factors considered pertinent by the State.

The resulting project priority list is a State management tool and represents the projects which are anticipated to be funded with the State's allocation.

The priority list of projects which are to receive construction grant funds within the State must include, as a minimum, *for each project, the applicant name, State assigned priority ranking and priority points, the parent-project number, NPDES number, grant identification number, a description of the type and scope of project, a target application date, and the estimated Federal assistance*.

Each project must be certified by the State as being entitled to priority for Federal assistance from available funds over other eligible projects in the State.

In reviewing the State priority list, it is necessary to insure that:

(a) the above information is included for each project;

(b) the grant funds involved equal or exceed the State allotments available;

(c) known problem areas in the State have been properly considered;

(d) *target application dates and* cost estimates appear to be reasonable;

(e) previously approved Step 1 and Step 2 projects are properly reflected and realistically scheduled for funding;

(f) highest priority is assigned to projects which reduce pollution from existing municipal wastewater discharges.

While the project priority list must be developed in accordance with the criteria listed above, the criteria are not to be construed as removing all flexibility in the establishment of the list. For example, large city projects should be precluded from using all or almost all of a State's allocation. This may be accomplished by the State reserving funds for projects of smaller communities (as defined by the State and approved by the Regional Office), or by dividing the work into several segments or smaller projects. In the first case, the State must consider the severity of the pollution problem in ranking projects of both the larger communities category and the smaller communities group and in consolidating the projects of each group into the priority list. In the second case, both the State and the applicant must recognize that;

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(a) all grants must be awarded at the 75% level;

(b) the project must be comprised of a discrete and meaningful part of the treatment system;

(c) the awarding of the grant does not bind EPA to fund the remaining parts of the treatment system;

(d) the acceptance of the grant commits the grantee to the completion of both an operable treatment works and the complete sewage treatment system of which the assisted project is a part.

The project priority list may also contain reserve funds as explained below under Funding.

The State's priority list is submitted annually as part of the State's program. The list is not approved by the Regional Administrator unless it has been the subject of a public hearing. During the year, certain amendments may have to be made to the list. These amendments do not require a public hearing if the Regional Administrator does not consider them significant.

Re: 40 CFR 35.915, .930-4, .935-1
40 CFR 130.41
Program Requirements Memoranda, PRM 75-14, (PG-33) 5/10/74;
PRM 75-24, (PG-46), 1/17/75;
PRM 77-1, 11/23/76, PRM 77-7, 5/13/77

3. Funding

The State allocation of construction grant funds will vary from year to year. The initial State allotments are available for 30 months. In developing the priority list funding requirements, the State must reserve a reasonable portion, but not less than five percent of its annual allocation, for grant increases. While every effort must be made by the grantee and State to insure accurate and up-to-date cost estimates for the projects, cost overruns do occur and grant increases may be made from these reserves. Where cost overruns exceed the reserves, the State may:

(a) use recovered PL 92-500 funds; or

(b) use funds from the succeeding year's allotment; or

(c) if the succeeding year's allotment has not been allocated, defer fundable projects on the lowest end of the priority list to free up funds; or

(d) negotiate with the applicant to consider dividing the work as explained above.

C. PREAPPLICATION CONFERENCE

The regulations encourage preapplication assistance, including a preapplication conference for each project on the State's priority list. The importance of the preapplication conference cannot be overly stressed. A meeting where the applicant, the State and the Region sit down together to discuss the approaching work has the potential of setting the stage for a well coordinated work program which is void of major misunderstandings and time delays.

The preapplication conferences may be with one applicant or a group of applicants and will generally involve only those applicants included on the State project priority list.

While the entire three step grant process should be discussed at the preapplication conference, the primary emphasis should be on the administrative and technical requirements of a Step 1 project grant application and the preparation of the facility plan. Applicant conferences throughout the three step grant processing procedures are encouraged, with emphasis to be placed on specific aspects of the program at the appropriate time.

The Regions should develop outlines of points to be covered in the preapplication conferences which may be tailored to the individual State's and applicant's needs and capabilities. Several important matters which should be discussed in the conference are as follows:

Re: 40 CFR 35.920-2

1. Important Dates

October 18, 1972 - Passage of PL 92-500. In those States in which sewage collection systems are federally funded, the bulk of the design flow (generally two-thirds) of such collection system must be attributable to a community in existence as of date of passage of PL 92-500.

June 30, 1975 - After this date the applicant must not initiate planning work until a Step 1 project grant has been awarded, or unless a plan of study has been approved and is accompanied by a request from the State agency to reserve funds for Step 1 project.

July 1, 1975 - Costs incurred for project planning prior to this date may or may not be eligible for grant assistance depending on the specific date and nature of the work conducted. The regulations set forth limitations.

Re: 40 CFR 35.925-13, .925-18

2. Contracts for Personal and Professional Services

The EPA has established rules and regulations concerning applicant/grantee procurement of architectural and engineering services. A contract which includes fees based on a percentage of the construction cost shall not be used since such contracts penalize the engineer for designing the most economical facility. Multiplier contracts, with profit as a part of the multiplier, are also prohibited. It is the intent of the agency that simple, clearcut contracts, which leave no room for future disagreement, be negotiated. These contracts should be such that the engineer receives a fair fee with a reasonable profit for his work, and the municipality receives competent, complete professional services at a fair cost.

In all A&E contracts, a maximum fee should be fixed. As in all A&E contracts, should the scope of the project change during the prosecution of the work, the contract would be open for renegotiation.

The employment of any fee arrangement requires a careful analysis of the scope of the work to be performed and a detailed estimate by the engineer of his costs for performing the work. This procedure should assure a clear understanding of exactly what is to be done, by whom, and should produce a better end product.

In the actual procurement of A&E services, the procedures detailed in the regulations must be followed (a copy of the regulations should be given to the applicant). The regulations require that any contracts include an "access" clause, allowing the State and EPA access to project work and records.

On construction grant projects in which Farmers Home Administration provides local share assistance, the Farmers Home Administration engineering services contract format may be used.

Re: 40 CFR 35.935-7, .936, .937, *.938, .939, .965 & Appendix C & D*
40 CFR 30.605

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3. Administrative Requirements

The administrative requirements to be fulfilled by the applicant are extensive. All necessary forms, authorizations, timing requirements, and legal requirements should be discussed. The application form (5700-32) should be reviewed line by line. In addition, recommended formats for submittal of technical data should be reviewed. Payment procedures and policy should be fully explained. Finally, the entire application procedure for Step 1, 2 and 3 projects should be discussed. Special emphasis should be placed upon the coordination required between the applicant, the State and EPA to insure accuracy and timeliness in processing grant applications. Specific points to be covered include:

(a) that after June 30, 1975, a Step 1 project must be approved for a grant before any work is started if the costs of such work are to be eligible for grant assistance;

Re: 40 CFR 35.925-18

(b) that prior costs, if any, must be claimed in the initial application for grant assistance;

Re: 40 CFR 35.925-18

(c) that project work may not be accomplished by force account (municipal or public service employees) unless the applicant can demonstrate that:

(i) he possesses the necessary competence to accomplish the work

(ii) it is more economical to use the force account method;

Re: 40 CFR 35.935-2(a)
Program Requirements Memorandum, PRM 75-15 (PG-34), 5/7/74

(d) the institutional arrangements and agreements between jurisdictions;

Re: 40 CFR 35.917-6

(e) payment of non-federal share of project costs;

Re: 40 CFR 35.925-5

(f) priority lists;

Re: 40 CFR 35.925-3

(g) the procurement of professional services and contracts;

Re: 40 CFR 35.936, .937, *.938*, *.939*, *.965 and Appendices C & D*

(h) record keeping;

Re: 40 CFR 30.800, .805

(i) limitations on collection systems;

Re: 40 CFR 35.925-13

(j) user charges and industrial cost recovery;

Re: 40 CFR 35.925-11, -12

(k) public participation;

Re: 40 CFR 35.915(f), 917-5

(l) compliance with the requirements of the Civil Rights Act of 1974, including applicability to sewage collection systems for minority areas.

Re: 40 CFR 8
Program Requirements Memorandum, PRM 75-32, (PG-59), 2/11/76

4. Technical Requirements

All technical aspects of the Step 1, 2 and 3 work should be reviewed with the applicant with special attention to the requirements for a plan of study and the preparation of a facility plan. At a minimum, the following items should be discussed:

(a) the degree of technical detail required in both the plan of study and the facility plan;

(b) specific problems associated with the project in question and how they should be addressed in item (a);

(c) cost effectiveness in its broadest sense and the trade-off between engineering, environmental, monetary costs, and institutional arrangements;

Re: Guidance for Preparing a Facility Plan
Revised - May 1975

Part III, Section D concerns the applicant's proposed method of financing the non-federal share of the project. The applicant may not use revenue sharing funds obtained under the State and Local Fiscal Assistance Act of 1972 to finance his portion of the eligible project costs. However, such items as cost overruns (not otherwise funded by EPA), cost of sewage collection systems, or land acquisition costs, for example, which are found by the State or EPA not to be allowable for participation in the grant program, may be funded with revenue sharing funds.

The statutes require that the applicant comply with related laws and regulations and give other assurances. These requirements are satisfied for a Step 1 project grant when the applicant signs the application and thereby assures and certifies that he will comply with the requirements.

The applicant must attach to his application a copy of the resolution authorizing the person to act as the official representative of the applicant (Part V, item 1). Any subsequent changes in the authorized official must also be substantiated by a copy of the resolution authorizing the change.

Review Procedures:

Review application form and determine that:

a. the name, project number and description of the project and amount of grant request agree with the State Priority Certification, Form 5700-32, and the approved State Priority List;

b. the form is signed by the authorized representative and and a copy of the authorizing resolution is attached;

c. information regarding project location, entities involved and cost data corresponds to that in the plan of study;

d. all items in the application are complete or marked not applicable (NA);

e. Part V, assurances, is part of application. If not, a properly signed form must be obtained.

NOTE: Particular emphasis is to be placed upon review of Part III, Section D, Proposed Method of Financing Non-Federal Share, to insure that applicant can successfully fund his share of the project costs.

Re: 40 CFR 30.315
40 CFR 35.917-2, .917-3
P.L. 94-488
81 CFR Part 51, Department of Treasury

4. Contracts and Subagreements

Purpose:

Contracts or subagreements for personal or professional services are submitted by the applicant and reviewed by both the State and EPA to insure that the scope and nature of the proposed services are sufficient to result in an approvable facility plan and that the fees and schedules are reasonable.

Discussion:

The personal and professional services covered by the subagreements at the time of Step 1 application submission are generally the consulting engineering services, although separate agreements may also exist for environmental consultants, financial consultants, etc. The regulations state that the application shall include *proposed subagreements or an explanation of the intended method of awarding subagreements for performance of any substantial portion of the project work.*

Also, the regulations require that any such subagreements or lower tier subagreements include an "access" clause allowing the State or EPA access, at reasonable times and places, to the work or records. The "access" clause is applicable to subagreements or lower tier subagreements in excess of $10,000.

The detailed requirements of and procedures for procuring personal or professional services appear in 40 CFR 35.936, .937, .938, .939 .965 *Appendices C & D*. Subagreements in which the fee is a percentage of construction costs are not acceptable, nor are cost multiplier contracts where profit is included in the multiplier.

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3. Grants Information and Control System (GICS)

The Grants Information and Control System (GICS) is a computer based management system in which information concerning the construction grants program is stored. This information is used for analyzing the grant program, manpower requirements, answering congressional inquiries and other purposes. The information must be current and available for quick retrieval.

Information concerning the award of each construction grant is entered into the system using prescribed coding sheets (see Appendix B).

Re: Grants Information and Control System, GICS,
WWT Construction Grants Information Data Base,
Operators' Manual, 2nd Printing 2/22/74

4. Clearinghouse Notification

Purpose:

Notification of clearinghouse is made in order that the clearinghouse may inform interested agencies or other entities of the award of a grant in accordance with Treasury Department Circular No. 1082.

Procedures:

The notification, Standard Form *424* (see Appendix B), is completed by the regional office and copies are mailed to the State, regional and local clearinghouse

Re: U.S. Treasury Department Circular No. 1082 *2/17/76*

5. Grant Agreement/Amendment

Purpose:

The Grant Agreement/Amendment (EPA Form 5700-20) serves as a formal document of agreement between the U.S. Government and the grantee, and constitutes a legally binding contract once executed.

Procedures:

EPA Form 5700-20 (see Appendix B) is completed by the Regional Office based upon the information submitted in the application package. The agreement must define the scope of the project. Modifications to grant amounts, scope of work or other items are made on the basis of the review process,and special conditions of the grant are included in Part III b. These special conditions may be based upon clearinghouse comments, requests from the State agency or conditions unique to the project.

In order to better forecast future funding requirements, each applicant for a grant is required to submit cost estimates in the format shown in the form, Summary of Costs of Planned Treatment Works Scheduled by Project and Category (see Appendix B). This requirement is to be incorporated as a special condition in the grant agreement/ amendment.

The grant agreement/amendment is not sent to the applicant until five working days after the signing by the Regional Administrator to allow for necessary Congressional notification. The applicant is given three weeks to accept the grant offer and to return the signed grant agreement/amendment to EPA.

The individual signing the grant agreement/amendment on behalf of the applicant should be the same individual who signed the application. Differences must be explained and a new authorizing resolution submitted (see Application Form item E.3 of this chapter) if such occur.

e. the State has included a statement to the effect that all jurisdictions within the facility planning area have been notified of State and EPA approval of the facility plan.

Re: 40 CFR 35.915, .917-2, .920-2, .925-3, .925-4
Program Guidance Memorandum, PG-33, 5/10/74; *PRM 75-14*
PG-35, 6/3/75; *PRM 75-16*
PG-46, 1/17/75 *PRM 75-24*

2. Application Form

Purpose:

EPA Form 5700-32 is the formal application document and sets forth the information necessary to obtain a construction grant. Additionally, the application contains "assurances" from the applicant which satisfy several statutory requirements.

Discussion:

The application for a Step 2 grant is submitted by the authorized representative of the jurisdictions included in the approved facility plan. In all cases, the applicant must have the legal authority to design, finance, construct, operate, and maintain any resulting wastewater treatment facilities.

The application form is used to request an initial grant, make amendments, and to request supplemental grants. The form (see Appendix B) contains instructions for completion of each of the five parts. Part II, Section B, requires information concerning the project site. For a Step 2 application, a statement regarding availability of the proposed site must be included. *If sites or easements have not been acquired, the applicant is to be informed of the need to accomplish preliminary easement work concurrent with other Step 2 activities. (Sites and easements may be acquired if they are not potentially eligible costs under Step 3.)* Other site information (plot plan, soil survey, etc.) may be included where necessary.

Part III, Section D, concerns the applicant's proposed method of financing the non-federal share of the project. In certain cases involving sewage collection systems (not treatment plants nor intercepting sewers), the applicant may use Community Development Block Grant Funds as the community's local share.

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In these cases the reveiwer should contact the regional DHUD office for specific limitations. However, such items as cost overruns (not otherwise funded by EPA), sewage collection systems, or land acquisition, for example, which are not included within the scope of the EPA grant as allowable costs, may be funded with revenue sharing funds.

The statutes require that the applicant comply with related laws and regulations and give other assurances. Many of these requirements are satisfied for a Step 2 grant when the applicant signs the application and thereby assures and certifies that he will comply with the requirements. However, additional evidence of compliance with some of these assurances is required from the applicant (see Section E.4.). A copy of the authorizing resolution designating the official to act as the official representative of the applicant (Part V, item 1 of application Form 5700-32) must be included with the application. Any subsequent changes in the authorized official must also be documented by a copy of the resolution authorizing the change.

Review Procedures:

Review application form to determine that:

a. the name, the project number, and the description of project and amount of grant request agree with the State Priority Certification, Form 5700-28, and the approved State priority list;

b. the form is signed by the authorized representative and a copy of the authorizing resolution is attached;

c. a statement regarding availability of the proposed site is attached;

d. information regarding project location, entities involved and cost data corresponds to that in the facility plan and Summary of Costs of Planned Treatment Works Scheduled by Project and Category;

e. all items in the application are complete or marked not applicable (NA);

f. Part III, Section D, Proposed Method of Financing Non-Federal Share, assures that the applicant successfully fund his share of the project costs. *Revenue sharing funds can be used; however if* Community Development Block Grant Funds are to be used, contact DHUD; (Particular emphasis should be placed on review of this section).

g. Part V. Assurances, is included with the application: if not the application must be returned to the applicant for inclusion of a signed copy of the Assurances.

Re: 40 CFR 30.315
40 CFR 35.920-2, .920-3(b)(4)
P.L. 94-488
81 CFR Part 51, Department of Treasury

3. Contracts and Subagreements

Purpose:

Contracts or subagreements for personal or professional services are submitted by the applicant and reviewed by both the State and EPA to insure that the scope and nature of the proposed services are sufficient to result in approvable plans and specifications and that the fees and schedules are reasonable.

Discussion:

The personal and professional services covered by the subagreements at the time of Step 2 application submission are generally the consulting engineering services. The regulations state that the application shall include *proposed subagreements or an explanation of the intended method of awarding subagreements for performance of any substantial portion of the project work.*

Also, the regulations require that any such subagreements or lower tier subagreements include an "access" clause allowing the State or EPA access, at reasonable times and places, to the work or records. The "access" clause is applicable to subagreements or lower tier subagreements in excess of $10,000.

The detailed requirements of and procedures for procuring personal or professional services are contained in the regulations, 40 CFR 35.936, .937. Subagreements in which the fee is a percentage of construction costs are not acceptable, nor are cost multiplier contracts where profit is included in the multiplier.

Review Procedures:

Review the agreement(s) to determine that:

a. the applicant has complied with 40 CFR 35.936 and .937;

b. the scope of the work is sufficient to prepare approvable plans and specifications;

c. completion schedules are reasonable and in agreement with the facility plan.

Re: 40 CFR 35.920-3(b)(7), .935-7, .936, .937, *.938, .939, .965 and Appendices C & D;* 40 CFR 30.605

4. Assurances and Program Requirements

The regulations require that the applicant furnish evidence of meeting program requisites and assurances made in the Step 1 and Step 2 grant application as well as requirements prescribed in other Federal statutes. Evidence of compliance with the following is of particular importance:

a. user charges - the applicant must submit an approvable plan and schedule for the implementation of a user charge system in accordance with the guidelines in the regulations (40 CFR, Part 35, Appendix B);

b. industrial cost recovery - the applicant must agree to require all industrial users to pay that portion of the grant amount allocable to the treatment of wastes from their use of the system; also the applicant must furnish letters from the major (10% or more of waste flow or strength) industrial users indicating that they will pay their portion of the grant amount allocable to the treatment of wastes from their use of the system and their intended period of use.

c. service agreements - where the project involves more than one political jurisdiction, the applicant must submit completed or substantially completed service agreements. These agreements will include financial arrangements and will obligate each jurisdiction to enforce the requirements for user charges, industrial cost recovery, sewer system rehabilitation and sewer use ordinances.

d. Civil Rights Act of 1964 - the applicant must complete two forms: Assurance of Compliance, EPA Form 4700-1, and Compliance Report, EPA Form 4700-4;

e. Relocation and Land Acquisition Policies Act of 1970 - if the project will result in the acquisition of private property or the displacement of persons, the applicant must submit a statement that he will prepare a program for compliance with the provisions of the Act.

f. Section 404/Section 10 Permits - When permits from the Corps of Engineers for the discharge of dredged or fill material are required for the facility, an issued 404/Section 10 permit or a determination by the Regional Administrator that the Corps is prepared to issue a permit.

Re: 40 CFR 35.917-6, .920-3(b)(5)(6), .925-9, .925-11, .925-12; 40 CFR 30.405-2, .405-3; *Program Requirements Memorandum, PRM 76-4, 10/14/76*

9. flood protection insurance requirements, as applicable;

   Re: 40 CFR 30.405-10
   Program Requirements Memorandum, PRM 75-28 (PG-54), 7/8/75

10. records to be maintained during design and construction, separating eligible and ineligible items;

    Re: 40 CFR 30.805, 35.940

11. site certification requirements, if not previously satisfied;

    Re: 40 CFR 35.920-3 (b)(4), *PRM 77-6, 5-4-77*

12. future requirements for

    - the user charge and industrial cost recovery system;
    - a sewer use ordinance;
    - an evaluation/rehabilitation program, as applicable;
    - an operation and maintenance program, including O&M manual, staffing and training;

    Re: 40 CFR 35.935-12, -13, -16

13. requirements for submission of project status reports and requirements for periodic inspections and audits, as necessary, for large or complex projects;

    Re: 40 CFR 30.635, .820

14. requirements for construction contracts to conform with the standardized format, "Contract Documents for Construction of Federally Assisted Water and Sewer Projects", *and that such contracts may not include escalation clauses;*

    Re: *Program Requirements Memorandum, PRM 75-4 (PG-17A), 4/15/75*
    PRM 75-23 (PG-44), 12/19/74

15. use of value engineering in the design phases of the project;

    Re: *Program Requirements Memorandum, PRM 75-30 (PG-57), 9/8/75 and PRM 75-36 (PG-63), 1/20/76*

16. possible benefits from the use of construction management.

The reviewer should provide the grantee with guidelines, instructions, booklets, or other publications which describe specific requirements in detail.

I. REVIEW OF PLANS AND SPECIFICATIONS

Purpose:

To insure that the project to be built will satisfy effluent and statutory requirements.

Discussion:

Depending upon the complexity of the project, periodic reviews and inspections will have been carried out during the preparation of the plans and specifications and changes or modifications, if required, will have been made. The set of plans and specifications submitted for final review should reflect all changes and be suitable for bidding purposes.

The review procedures are both administrative and technical. The technical review procedures are broad in scope and each region is encouraged to pattern its own review procedures to account for State or local design practices and requirements. Although not specifically required, the use of a checklist such as the "Program Checklist for Engineering Drawings, Specifications, and Engineering Reports", Appendix C, is recommended.

Review Procedures:

Review State Priority Certification and determine that:

a. the name, project number and description of project agree with the application, form 5700-32, and the approved State priority list;

b. the form includes the signature of the authorized State official;

c. the award of grant assistance for the project will not exceed the State's allotment, including reallotments;

d. the award of grant assistance will not jeopardize the funding of any projects of higher priority.

Re: 40 CFR 35.915, .917-2, .920-2, .925-3, .925-4
Program Requirements Memoranda (PG-33) 5/10/74; PRM 75-14
(PG-46) 1/17/75; PRM 75-24

2. Application Form

Purpose:

EPA Form 5700-32 serves as the formal application document and sets forth the information necessary to qualify for a construction grant. Additionally, the application contains "assurances" from the applicant which are necessary to satisfy statutory requirements.

Discussion:

The application for a Step 3 grant is submitted by the authorized representative of the jurisdictions included in the approved facility plan. The applicant must have the legal authority to finance, construct, operate and maintain the proposed wastewater treatment facilities.

The application form is used to request initial grants, amendments, and supplemental grants. The form (see Appendix B) contains instructions for completion of each of the five parts. Part II, Section B must be completed for a Step 3 grant and must be accompanied by site certification from legal counsel indicating the applicant's interest in the project site and ability to obtain any required easements or rights-of-way.

Part III, Section D, concerns the applicant's proposed method of financing the non-federal share of the project. *In accordance with P.L. 94-488, revenue sharing funds can be used to meet the applicant's share of the cost of the project.* In certain cases involving sewage collection systems (not treatment plant nor intercepting sewers), the applicant may use Community Development Block Grant Funds as the community's local share. In these cases the reviewer should contact the regional DHUD office for specific limitations.

The grant request should not include costs for pretreatment of incompatible industrial wastes, nor costs for treatment of wastes originating from Federal installations (excluded from allowable costs).

The statutes require that the applicant comply with related laws and regulations and give other assurances. Many of these requirements are satisfied for a Step 3 grant when the applicant signs the application and thereby assures and certifies that he will comply with the requirements. However, additional evidence of compliance with some of these assurances is required from the applicant (see Section E.4). A copy of the authorizing resolution designating the official to act as the representative of the applicant (Part V, item 1 of the application form) must be included with the application. Any subsequent changes in the authorized official must also be documented by a copy of the resolution authorizing the change.

Review Procedures:

Review the application form and determine that:

a. the name, project number, and description of the project and the amount of the grant request agree with the State Priority Certification Form 5700-28 and the approved State Priority List;

b. the form is signed by the authorized representative and a copy of the authorizing resolution is attached;

c. the certification of project site interest and the status of easements and rights-of-way is included;

(3) Davis-Bacon Act

The provisions of the Davis-Bacon Act must be included in contracts exceeding $2,000. *These provisions require* the payment of prevailing wages for the various trades as determined by the Secretary of Labor.

Prevailing area-wide rates are published weekly in the Federal Register. For individual projects not included in areas with area-wide wage rate determinations, the Regional Office will obtain a wage rate for inclusion in the specifications.

Modifications to area-wide wage rate determinations are to be included in the bidding documents provided they have been published 10 days prior to the bid opening date. Modifications to individual project determinations are to be included provided they are received in the Regional Office 10 days prior to bid opening.

The reviewer is to insure that the current wage rate determination is included in the bidding documents or that provisions for inclusion have been made.

Re: 40 CFR 30.403, .415

(4) Flood Insurance

For projects requiring flood insurance (see Chapter VI E.4.a. of this Handbook) make certain that the contractor is required to obtain the necessary flood insurance during construction.

(5) Bonding

For contracts in excess of $100,000, the following minimum bonding and insurance requirements must be met:

- 5% bid bond; *Grantees may not require bid guarantees greater than 5% or that a specific form of bid guarantee be used unless required by State/local law.*
- 100% performance and payment bond;
- fire and extended coverage workmen's compensation, public liability and property damage, and "all risk", as required by local or State law;
- flood insurance, as applicable, during construction.

For contracts less than $100,000, bonding and insurance requirements shall be in accordance with local or State practices.

b. Technical Review:

The technical review of the plans and specifications is carried out to insure that the proposed facilities, if constructed in accordance with the plans and specifications, will achieve the effluent limitations or water quality standards required by the NPDES permit. The review is also to insure that sound engineering design principles are employed, primarily regarding process considerations. Structural, electrical, and mechanical details of the design are not critically reviewed because they are the responsibility of the engineer whose seal appears on the drawings. However, obvious irregularities should be noted.

The technical review should evaluate the plans and specifications according to the criteria in "Program Checklist for Engineering Drawings, Specifications, and Engineering Reports" (see Appendix C) to the extent appropriate for the particular project and State requirements. The following are examples of items which should be reviewed.

(1) Safety Precautions

The requirements of the Occupation Safety and Health Act (OSHA) must be fulfilled;

(2) Mitigative Measures

Plans and specifications must be compared with mitigative measures required by the environmental assessment or impact statement. Examples might be soil erosion control, hours of operation, backfilling and seeding, structural design for buildings in a flood plain, etc.

(3) Bypassing

Construction is to be carried out so as to prevent bypassing of flows during construction, where possible.

(4) Project Sign

Contractor is required to provide a project sign in accordance with the drawing shown in Appendix B.

d. information regarding the project location, entities involved and cost data corresponds to that in the Summary of Costs of Planned Treatment Works Scheduled by Project and Category;

e. all items in the application are complete or marked not applicable (NA);

f. Part V, Assurances is included with the application. If not, properly signed form must be obtained.

g. force account work must be properly identified.

NOTE: Particular emphasis is placed upon review of Part III, Section D, Proposed Method of Financing Non-Federal Share, to insure that the applicant can fully fund his share of the project costs and that revenue sharing funds will not be used to match those costs eligible for EPA grant assistance (if Community Development Block Grant Funds are to be used, contact DHUD);

Re: 40 CFR 30.315
40 CFR 35.920-2, .920-3(c), .925-15, .925-16
P.L. 94-488

31 CFR Part 51, Department of Treasury

3. Contracts and Subagreements

Purpose:

Contracts or subagreements for personal or professional services are submitted by the applicant and reviewed by both the State and EPA to insure that the scope and nature of the proposed services are sufficient to result in approvable facilities and that the fees and schedules are reasonable.

Discussion:

The personal and professional services covered by the subagreements at the time of Step 3 application submission are generally the consulting engineering services. The regulations state that the application shall include *proposed subagreements or an explanation of the intended method of awarding subagreements for performance of any substantial portion of the project work.*

Also, the regulations require that any such subagreements or lower tier subagreements include an "access" clause allowing the State or EPA access, at reasonable times and places, to the work or records. The "access" clause is applicable to subagreements or lower tier subagreements in excess of $10,000.

The detailed requirements of and procedures for procuring personal or professional services appear in 40 CFR 35.946, .937. Subagreements in which the fee is a percentage of construction costs are not acceptable nor are cost multiplier contracts where profit is included in the multiplier.

Review Procedures:

Review the agreement(s) and determine that:

a. the grantee has complied with 40 CFR 35.936 and .937;

b. the scope of work is sufficient to construct approvable facilities;

c. completion schedules are reasonable and in agreement with the plans and specifications.

Re: 40 CFR 35.920-3(c), .935-7, .936, .937, Appendix D.
40 CFR 30.605

4. Assurances

In addition to the assurances contained in Part V of the application form, the applicant is to comply with the additional procedures listed below:

F. GRANT AWARD PROCEDURES

Procedures for a Step 3 grant award are identical with those for a Step 1 award, as shown in Chapter IV, pages 14 and 15, insofar as items 1 through 4 are concerned. Item 5 for a Step 3 grant follows:

5. Grant Agreement/Amendment

Purpose:

The Grant Agreement/Amendment (EPA Form 5700-20) serves as a formal document of agreement between the U.S. Government and the applicant, and constitutes a legally binding contract when executed.

Procedures:

EPA Form 5700-20 (see Appendix B) is completed by the Regional Office based upon the information submitted in the application package, including any subsequent changes. The agreement must define the scope of the project. Modifications to grant amounts, scope of work or other items are made on the basis of the review process. Special conditions of the grant are included in Part III b. These special conditions may be based upon clearinghouse comments, requests from the State agency or conditions unique to the project.

The grantee must complete certain regulatory requirements before full grant payment may be made. Because these requirements are so important, and to avoid oversight on the part of the applicant, they may be included in the grant agreement as "special conditions". These are:

a. User Charge/Industrial Cost Recovery Systems - No more than 50% of the Federal share of the Step 3 grant may be paid until the grantee has submitted evidence of the timely development of the UC/ICR systems, and no more than 80% may be paid until the systems are approved.

b. O&M Manual - No more than 50% of the grant may be paid until the draft manual has been submitted or evidence of compliance has been received, and no more than 90% may be paid until a satisfactory O&M manual has been furnished.

c. Sewer Use Ordinance - No more than 80% of the Step 3 grant may be paid until the sewer use ordinance(s) is approved.

d. Rehabilitation Program - No more than 80% of the grant may be paid until compliance with the rehabilitation program (if required)is achieved.

The grant agreement/amendment is not sent to the applicant until five working days after the signing by the Regional Administrator in order to allow for necessary congressional notification. The applicant is given three weeks to accept the grant offer and to return the signed grant agreement/amendment to EPA.

The individual signing the grant agreement/amendment must be the authorized representative as shown on the application form. Any changes must be documented through a resolution by the jurisdictions involved.

Re: 40 CFR 35.935-12, -13, -16

NOTE:

It is imperative that the preconstruction phase of Step 3 projects be carefully managed to minimize the lag time between award of the Step 3 grant and initiation of construction. The status of this phase is reported by periodic Regional updating of the preconstruction information in the Grants Information and Control System.

It should be borne in mind that 40 CFR 35.935-9 requires that the Regional Administrator terminate a grant if construction is not initiated within one year after award of the Step 3 grant. The termination date may be extended for a maximum period of six months if the Regional Administrator determines that such an extension is justified. Further extension is possible only upon formal waiver of the appropriate provisions of 35.935-9.

Re: 40 CFR 35.935-9
40 CFR 35.1000

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G. PROCUREMENT OF CONSTRUCTION CONTRACTS

1. Authorization and Formal Advertising for Bids

Discussion:

Once the grantee has accepted the grant offer, EPA may authorize advertising for bids (completed and approved bidding documents, including plans and specifications, were a part of the Step 3 grant application). While the approved bidding documents contain the necessary requirements for formal advertising (35.938-4), the letter authorizing the grantee to advertise for bids should reemphasize and briefly remind the grantee of these requirements and the procedures to be followed after receipt of bids.

Procedures:

Immediately after acceptance of the grant offer, the reviewer should prepare a letter to the grantee:

a. authorizing him to advertise for bids in accordance with regulations;

b. indicating the documents to be submitted and procedures to be followed after receipt of bids (see item 2 following for list of documents);

c. warning him not to award contracts until receiving authorization to do so is received from EPA.

d. *reminding grantee that while rejection of all bids is possible, such action may be taken only with prior EPA concurrence and only for good cause.*

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2. Review of Bids

Purpose and Discussion:

A review of the bids, bidding procedures, and accompanying documents is made to insure compliance with applicable laws and regulations and to insure that contracts will be awarded to the lowest responsive, responsible bidder.

Review Procedures:

The following documents are to be submitted and reviewed prior to authorizing award of construction contracts.

a. a certified tabulation of all bids received;

b. two copies of the proposal form and bonds from the successful bidder;

c. a statement from the authorized official giving the names of the bidders to whom the grantee wishes to award contracts and the amount of each contract;

d. proof of advertising indicating the circulation dates and time for receipt of bids;

e. a copy of each addendum issued during the bidding period and acknowledgement of its receipt by the successful bidder;

f. signed copies of the certification by the contractors regarding compliance with a home-town or imposed plan, as applicable;

The system must fulfill the objective of distributing the costs of O&M among all users in proportion to their waste load contributions. Factors to be included in the calculation of charges are the volume, flow rate and strength of the wastes of all users. Each user, or class of users, must be charged on an equitable basis to fairly apportion the O&M costs. An effective user charge system will bring about operational self-sufficiency.

Where more than one political jurisdiction is included in the project service area, the user charge system must be legally adopted by each jurisdiction. In the first year of operation, the user charges may be based upon past experience or reasonable estimates. However, each year thereafter, the applicant is to review the user charges and initiate revisions, as necessary, to reflect actual operation and maintenance costs of the treatment works and actual waste load contributions from each user or class of users.

No more than 50% of the Federal share of a Step 3 grant may be paid until the grantee has submitted to the Regional Administrator adequate evidence of timely development of its user charge system. No more than 80% of the Step 3 grant may be paid until the user charge system is approved by the Regional Administrator.

Review Procedures:

The user charge system submission must be reviewed to insure compliance with the following criteria:

a. the program apportions fairly the O&M costs among all users according to waste load or flow characteristics. A system such as one based upon ad valorem taxes (dependent upon taxable property ownership) is not acceptable because it does not adequately consider waste characteristics. Appendix B of 40 CFR Part 35 includes acceptable user charge system models;

b. the implementation of the program will provide sufficient revenues to offset all actual O&M costs;

c. the system will be adopted, implemented and enforced by all political jurisdictions within the service area of the treatment works. Resolutions, local ordinances, written statements or other agreements may be accepted as evidence of compliance by the political jurisdiction involved.

Upon review and approval of the user charge system, the grantee is to be notified in writing of such approval and requested to submit a certified statement of compliance once the system has been officially implemented. *(The letter of approval must clearly indicate that EPA approval is solely for the user charge system or that portion of the system which pertains to revenues for the operation and maintenance (including replacement) of the treatment works.)* Payment requests are to be processed as appropriate.

Re: 40 CFR 35.905-26, .925-11, .935-13, Appendix B
Program Requirements Memorandum, PRM 75-19 (PG-37) 7/9/74; PRM 75-20 (PG-38), 7/16/74 and PRM 75-37 (PG-65), 3/17/76

5. Industrial Cost Recovery System

Purpose:

The industrial cost recovery system imposed by PL 92-500, provides a means whereby industrial users of a publicly-owned treatment works repay the proportionate Federal share of the construction costs of the treatment works allocated to their use.

Discussion:

The industrial cost recovery (ICR) system provides a system by which all industrial users of the treatment works will repay, over a defined period, their portion of the Federal share of construction costs of the works. These costs are to be recovered by the grantee over the useful life of the treatment works but not to exceed 30 years. The grantee is obligated to collect these payments no less often than annually

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- Rate Studies:

Such studies are eligible if required for the establishment of user charge or industrial cost recovery system in order to comply with Sections 35.925-11 and 12 of the Title II Regulations. Such studies require prior approval either in the grant agreement or an amendment thereto. Allowable costs may include legal, C.P.A., and engineering fees related to the studies. (In order to avoid double payment, care must be exercised to assure that such work is not incident to a general contractual obligation).

- Financial Reports and Studies:

To the extent that such reports constitute "Rate Studies" (see above) for user charges and/or Industrial Cost Recovery procedures, the costs are allowable; provided that such studies are approved in advance by the Regional Office and that the results of such studies are acceptable to EPA. Financial reports which constitute studies of, for example, the local tax base, structure, etc., to determine the financial capabilities of the applicant or the financial feasibility of the proposed undertaking are similarly allowable. The cost of all other financial reports and studies should generally be considered unallowable in that they constitute a normal function of government.

In this regard the Regional Office should adhere to a strict interpretation of the term "studies". Generally, "studies" refers to preliminary reviews, overviews, examinations, analyses, etc. The interpretation must not be extended to include preparing procedures, designing implementation schemes, drafting statutes or regulations, delineating boundaries relating to finances, issuance of bonds, adjustment of tax rates, establishment of assessment districts, etc. or other activities which are a normal function of government and as such are unallowable.

- Establishment of Special Assessment Districts:

The "mechanics" of establishing special assessment districts developed, for example, on the basis of rate studies (see above), are a normal function of government and as such the costs associated therewith are unallowable. Included in this restriction are legal, administrative and engineering costs associated with activities such as: (1) drafting, review and passage of statutes/ordinances, *(e.g. sewer use ordinances)*, (2) preparation of regulations, (3) delineation of district boundaries, (4) elections, etc.

This policy extends equally to the establishment of any "special districts" such as election, service, rate, etc. districts (including Regional Authorities) related to the grant project.

- Public Liaison Services:

Such services are generally unallowable since they constitute a type of public information service and as such are not directly related to or necessary for the construction of the treatment works.

- Assistance with State and Federal Regulations:

The cost of assistance associated with addressing State and Federal Regulations and procedures which are basic to the functions of general government, such as preparation of applications and related documents, obtaining state construction permits, discharge permits, etc. are unallowable. Costs growing out of meeting specific Federal statutory requirements such as public hearings and other activities related to the user charge study, facilities planning, NEPA procedures, Uniform Relocation Assistance and Real Property Acquisition Policies Act, etc. are allowable.

If such costs entail assistance which is readily available through Federal or State offices, such as interpretation of Regulations, explanations of grant procedures, etc. they should be disallowed.

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e. Cars and trucks are unallowable, except for specialized sludge handling/transport equipment as noted in "c" above.

NOTE: The grantee is required to maintain property accountability on all such equipment in accordance with FMC 74-7 and 40 CFR 30.810.

- Office Equipment and Furnishings:

Such items as identified by the grantee and approved in advance by the Regional Office, when installed or located at the treatment works and necessary to the administrative and/or technical (including training and meetings) functioning of the works, may be allowable. In larger facilities allowability may be extended to reasonable special purpose rooms and equipment related to the function of the facility. There may well be instances in which the Regional Office will need to exercise judgement as in the case of "luxurious furnishings", televisions, etc.

NOTE: The grantee is required to maintain property accountability on all such equipment in accordance with FMC 74-7 and 40 CFR 30.810.

- Shop Furnishings:

Reasonable furnishings for shop areas such as shelves, bins, work benches, etc. are allowable costs.

NOTE: The grantee is required to maintain property accountability on all such equipment in accordance with FMC 74-7 and 40 CFR 30.810.

- Laboratory Equipment and Supplies:

Generally, laboratory items identified by the grantee and approved prior to procurement by the Regional Office as necessary to conduct tests as may be required for plant operation are allowable. In addition, the cost of a reasonable inventory of chemicals and supplies necessary to start operation of the plant is allowable. Large stocks of expendable materials are, however not allowable. An EPA publication "Estimating Laboratory Needs for Municipal Wastewater Treatment Facilities" discusses equipment needed for various size plants.

NOTE: The grantee is required to maintain property accountability on all such equipment in accordance with FMC 74-7 and 40 CFR 30.810.

- Safety Equipment:

Based upon the specific needs of individual facilities, necessary and reasonable safety equipment is an allowable cost. Generally such equipment should be delineated in the operation and maintenance manual and the approval of that document may constitute the basis for our participation.

NOTE: Such equipment should meet applicable Federal, State, local, and industry safety regulations and standards. The grantee is required to maintain property accountability on all such equipment in accordance with FMC 74-7 and 40 CFR 30.810.

- Tools:

Allowable tools are only those which are specified as special purpose tools necessary for the repair and adjustment of specific process components by the equipment supplier(s)/manufacturer(s) or approved by the Regional Office. *Also allowable - based upon the size, complexity and nature of the treatment works - are those basic tools/machines, generally mechanically powered and usually fixed in place, which, in the opinion of the State and Regional Office, are necessary to assure the uninterrupted functioning of that facility.* All other tools are unallowable.

NOTE: The grantee is required to maintain property accountability on all such equipment in accordance with FMC 74-7 and 40 CFR 30.810.

- Replacement Parts:

Replacement parts identified and approved in advance by the Regional Office as necessary to assure uninterrupted operation of the facility may be included as allowable costs. Allowable replacement items are only those which constitute critical parts of major systems components and which are: (1) not immediately available and/or whose procurement involves an extended "lead-time", (2) Identified as critical by the equipment supplier(s), or (3) are critical but not included in the inventory provided by the equipment supplier(s). In those instances where adequate "back-up" components are built into the system a reduction in replacement parts should be made.

3. Other Considerations

The following considerations provide additional guidelines for the reviewer in the force account area:

a. adequate cost accounting records must be maintained;

b. satisfactory controls must be established and used to assure that all material, supplies, equipment, labor cost, etc. charged to the project are actually used in connection with the project;

c. the Copeland Antikickback Regulations apply (see Appendix C-2 of 40 CFR part 35);

d. adequate insurance must be maintained. This insurance is the same as that discussed in 40 CFR 35.935-3 covering such construction insurance as is customary and appropriate including fire and extended coverage, workmen's compensation, public liability and property damage and "all risk" as required by local or State law.

Re: 40 CFR 30.645, .810
40 CFR 35.935-2(a), .936-14
Program Guidance Memorandum, PG-34 5/7/74

D. PAYMENTS

1. General

It is the policy of EPA to process payment requests and to make periodic progress payments as expeditiously as possible. Payments are to be made in accordance with the approved payment schedule set forth in the grant agreement.

NOTE: It is imperative that grantee payment requests be processed as quickly as possible. On "routine" requests, procedures assuring a 48 hour "turn around" are to be established. All payment requests are to be considered "routine" except for the first and final payments on Step 1, 2 & 3 awards; the 50%, 80% & 90% payments on Step 3 awards; and specific interim payment points established, in writing, for a particular project.

Re: 40 CFR 35.937-16, .938-6, .945
Program Requirements Memorandum, PRM 75-22 (PG-43) 11/18/74

2. Prior Costs

After June 30, 1975, no Step 1 project work may be initiated without a grant award unless the State (based on the review and approval of a plan of study) has requested the Regional Administrator to reserve grant funds. After June 30, 1975, Step 2 work initiated without first having received a grant from EPA is not eligible for grant participation.

Occassionally grant applications will be received for projects in which prior costs have been incurred. These must be handled on a project by project basis and be in accordance with the regulatory date limitations as described in 40 CFR 35.925-18.

In considering prior costs the reviewer should bear in mind that:

- those costs incurred prior to the initiation of construction of the project must be claimed prior to the grant award or no payment may be made for those costs;
- they should be supported by documents identifying dates and the nature of the work performed;
- they should be examined in light of the allowable/ unallowable cost statements in "Section B" of this chapter.

Re: 40 CFR 35.945(a)

3. Schedules

Schedules for the completion of any of the three grants steps are contained in the grant agreement/amendment. The work schedule is generally discussed with the applicant prior to the grant application and should reflect realistic targets. However, the reviewer has the responsibility for final approval of the schedule, including payments. Once the grant payment schedule has been approved and incorporated into the grant agreement/amendment, the grantee may request grant payment for work which has been completed. If completed work and the resulting payment requests occur prior to dates set forth in the approved schedule, the schedule may be revised by preparing a new grant agreement/amendment. Considerable flexibility may be exercised in setting up the schedules and the documentation required.

Any time that a progress schedule is revised, the Municipal Permits Office of EPA should be notified.

a. Step 1 and Step 2 - Periodic progress payments for Step 1 and 2 work are to be made on the basis of completion of the step or completion of specific tasks within the step grant as contained in the grant agreement. Every effort should be made to divide the scheduling into tasks, but where this is not possible or practical, the grantee should submit a certified statement as to percentage of completion of the work on a periodic basis.

b. Step 3 - Step 3 payment schedules should realistically reflect the likely construction progress. For example, early equipment purchases and seasonal weather conditions may require large grant payments for certain months. If the monthly requests exceed those on the schedule, the grant must be amended. Payment schedules should be structured so as to preclude any need for frequent changes.

4. Interim Payments

Problems with both payment requests and payments can be minimized if, at the time of the grant award, the payment request procedure is discussed with the grantee. Each region has specific internal procedures for handling requests and processing payments so the reviewer must be familiar with these. Payments, generally, are handled as follows:

- the grantee submits all EPA Forms 2550-16 (Outlay Report and Request for Reimbursement for Construction Programs) directly to the Regional Financial Management Office;

- the grantee provides necessary documentation to support the request;

- *all support documents and a copy of the 2550-16 form are forwarded to the project officer;*

- *"routine" requests are processed immediately - "Non-routine" requests are sent to the project officer who must complete his action within ten days. (See note on VII-26 for explanation of "routine/non-routine" payments).*

- *grantees are to submit requests for Step 3 payments monthly.*

(NOTE: The Federal share shall be based upon those costs which, at the time of the payment request, the grantee is currently obligated to pay. For example, if the grantee has retained a certain percentage from a construction pay estimate, EPA shall base its payment upon the amount of the estimate less the retained amount. PRM 75-22 (PG-43), 11-18-74.

a. Payment Requests Review

It is the responsibility of the construction grants reviewer to monitor the progress of the project. One means of doing this is by periodically reviewing payment requests and supporting documents. The frequency of the periodic reviews will depend on the size and complexity of the particular project. In instances where a monthly payment schedule has been established, the reviewer should not perform a detailed check of the request and supporting documents each month. If a problem is discovered later when checking the supporting documents, it can be resolved on a subsequent payment. Judgement will be required to avoid unnecessary delays.

Memoranda		Former Designation
PRM 75-36	Value Engineering in the EPA Construction Grants Program	PG-63
PRM 75-37	User Charge System: Plan and Schedule	PG-65
PRM 75-38	Relationship Between 201 Facility Planning and Water Quality Management (WQM) Planning	PG-66
PRM 75-39	Eligibility of Land Acquisition Costs for the Ultimate Disposal of Residues from Wastewater Treatment Processes	PG-67
PRM 75-40	Priority List Supplement to FY 1977 Construction Grants Guidance	PG-68
PRM 76-1	Construction Grants Program Issuances	
PRM 76-2	Cancellation of Certain Program Guidance Memoranda (PGM)	
PRM 76-3	Presentation of Local Government Costs of Wastewater Treatment Works in Facility Plans	
PRM 76-4	Coordination of Construction Grants Program with EPA-Corps of Engineers Section 404/Section 10 Permit Programs	
PRM 76-5	Flood Insurance Requirements	
PRM 77-1	Treatment Works for Recreational Parks, Industrial Parks, and Institutions	
PRM 77-2	Grant Eligibility of Start-up Services	
PRM 77-3	Plan of Operation for Municipal Wastewater Treatment Facilities	
PRM 77-4	Cost Allocations for Multiple Purpose Projects	
PRM 77-5	Grant Eligibility of Land Acquisition by Leasehold or Easements for Use in Land Treatment and Ultimate Disposal of Residues	

Memoranda

PRM 77-6	Easements
PRM 77-7	Management of State Project Priority Lists
PRM 77-8	Funding of Sewage Collection System Projects
PRM 77-9	Reallotment of Recovered Funds

APPENDIX B
(REVISED)

- Grants Information Control System Coding Sheet (GICS)
- Regional Reporting Requirements Through RCGMIS
- "Notification of Grant-in-Aid Action" (Clearinghouse Form) Standard Form 424
- "Grant Agreement/Amendment" EPA Form 5700-20
- "Summary of Costs of Planned Treatment Works Scheduled by Project and Category"
- "State Priority Certification" EPA Form 5700-28
- "Application for Federal Assistance" (for Construction Grants) EPA Form 5700-32 (Rev. 6-76)
- "Cost or Price Summary Format for Subagreements" (Form 5700-41 (2-76)
- Project Sign EPA Order No. 1015.1B
- Revised Cost Estimate (Suggested Format)
- "Outlay Report and Request for Reimbursement for Construction Programs" EPA Form 2550-16
- " Notification of Grant Award Action" EPA Form 5700-1B
- "Notification of Grant Award Action" (Decreases/Declinations/Withdrawals) EPA Form 5700-1D
- "Assurance of Compliance for Title VI of the Civil Rights Act of 1964 and Section 13 of the FWPCA Amendments of 1972" EPA Form 4700-1
- "Compliance Report" EPA Form 4700-4
- "Report on Operation and Maintenance of Wastewater Treatment Plant" EPA Form 7500-5

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REGIONAL REPORTING REQUIREMENTS THROUGH RCGMIS

PROCEDURES: Reporting procedures have been established for actual Regional performance against the following Water 1 (Construction Grants) quarterly output commitments in the Agency's Formal Planning and Reporting System:

- Number of new awards by step
- Total estimated obligations
- Number of projects completed by step
- Total PL 92-500 outlays
- Number of interim inspections

Starting with the third quarterly of FY 1977, quarterly Regional performance against these output commitments will be measured only through the RCGMIS system, except as indicated in the following procedures for outlays and obligatings:

Number of new awards by step --- Actual performance against these three output commitments will be monitored using RCGMIS data element L5 (Final Approval and Award - Code and Date). A project will be considered awarded for these commitments when the date of award and status code AE (Completed/Approved) are entered into this data element.

Total estimated obligations --- Actual performance against this output commitment will be monitored through the Grants Administration Division's "PL 92-500" file. This information is compiled from the form 5700-1 that must be sent to Headquarters within 24 hours of each grant award. This commitment is not being monitored through RCGMIS because that system does not contain the financial accounting information necessary to determine net PL 92-500 awards. While RCGMIS can track both new awards and amendments to PL 92-500 projects, it cannot determine the amount of new law money that is awarded to old law projects. However, the "PL 92-500" file is compared with RCGMIS on a weekly basis to make sure the information contained in both files is accurate.

Number of projects completed by step --- Actual performance against these three output commitments will be monitored through GICS data element N5 (Project Completion - Code and Date). When all grant conditions have been satisfied, and actual date with the status code AD (Project Complete) should be entered in data element N5.

The only exception is that for Step 1 projects, if data element N5 has not been coded complete, then data element M9 (Facility Plan Review) will be scanned looking for status code AH (Facility Plan Sufficiently Complete to make a Step 2 award). Step 1 projects coded in this fashion will be considered for the purpose of the output commitments. This is the only instance where a data element other than N5 will be used to measure completions for Regional output commitments.

Number of interim inspections --- Actual performance against this output commitment will be monitored using RCGMIS data element NO (Latest Inspection) and H9 (Agency Conducting Inspection). Data element NO contains, for all Step 3 and PL 84-660 projects, the inspection code and date of the most recent EPA - recognized inspection of the construction of a wastewater treatment project. The appropriate status code for the purposes of this output commitment is A3 (Interim Audit/Inspection).

Total PL 92-500 outlays --- Actual performance against this output commitment will be monitored through the Agency's Financial Management System.

A full and detailed description of these procedures may be found in POM #77-7 (April 8, 1977).

OMB Approval No. 29-R0218

FEDERAL ASSISTANCE

1. TYPE OF ACTION (Mark appropriate box)
- ☐ PREAPPLICATION
- ☐ APPLICATION
- ☐ NOTIFICATION OF INTENT (Opt.)
- ☐ REPORT OF FEDERAL ACTION

2. APPLICANT'S APPLICATION — a. NUMBER; b. DATE (Year month day) 19

3. STATE APPLICATION IDENTIFIER — a. NUMBER; b. DATE ASSIGNED (Year month day) 19

Leave Blank

SECTION I—APPLICANT/RECIPIENT DATA

4. LEGAL APPLICANT/RECIPIENT
- a. Applicant Name :
- b. Organization Unit :
- c. Street/P.O. Box :
- d. City : e. County :
- f. State : g. ZIP Code :
- h. Contact Person (Name & telephone No.) :

5. FEDERAL EMPLOYER IDENTIFICATION NO.

6. PROGRAM (From Federal Catalog) — a. NUMBER; b. TITLE

7. TITLE AND DESCRIPTION OF APPLICANT'S PROJECT

8. TYPE OF APPLICANT/RECIPIENT
A–State; B–Interstate; C–Substate District; D–County; E–City; F–School District; G–Special Purpose District; H–Community Action Agency; I–Higher Educational Institution; J–Indian Tribe; K–Other (Specify): ____
Enter appropriate letter ☐

9. TYPE OF ASSISTANCE
A–Basic Grant; B–Supplemental Grant; C–Loan; D–Insurance; E–Other
Enter appropriate letter(s) ☐☐

10. AREA OF PROJECT IMPACT (Names of cities, counties, States, etc.)

11. ESTIMATED NUMBER OF PERSONS BENEFITING

12. TYPE OF APPLICATION
A–New; B–Renewal; C–Revision; D–Continuation; E–Augmentation
Enter appropriate letter ☐

13. PROPOSED FUNDING

a. FEDERAL	$	.00
b. APPLICANT		.00
c. STATE		.00
d. LOCAL		.00
e. OTHER		.00
f. TOTAL	$	.00

14. CONGRESSIONAL DISTRICTS OF: a. APPLICANT; b. PROJECT

15. TYPE OF CHANGE (For 12c or 12e)
A–Increase Dollars; B–Decrease Dollars; C–Increase Duration; D–Decrease Duration; E–Cancellation; F–Other (Specify): ____
Enter appropriate letter(s) ☐☐☐

16. PROJECT START DATE (Year month day) 19

17. PROJECT DURATION (Months)

18. ESTIMATED DATE TO BE SUBMITTED TO FEDERAL AGENCY ▶ (Year month day) 19

19. EXISTING FEDERAL IDENTIFICATION NUMBER

20. FEDERAL AGENCY TO RECEIVE REQUEST (Name, City, State, ZIP code)

21. REMARKS ADDED ☐ Yes ☐ No

SECTION II—CERTIFICATION

22. THE APPLICANT CERTIFIES THAT ▶
a. To the best of my knowledge and belief, data in this preapplication/application are true and correct, the document has been duly authorized by the governing body of the applicant and the applicant will comply with the attached assurances if the assistance is approved.

b. If required by OMB Circular A-95 this application was submitted, pursuant to instructions therein, to appropriate clearinghouses and all responses are attached:

	No response	Response attached
(1)	☐	☐
(2)	☐	☐
(3)	☐	☐

23. CERTIFYING REPRESENTATIVE — a. TYPED NAME AND TITLE; b. SIGNATURE; c. DATE SIGNED (Year month day) 19

SECTION III—FEDERAL AGENCY ACTION

24. AGENCY NAME

25. APPLICATION RECEIVED (Year month day) 19

26. ORGANIZATIONAL UNIT

27. ADMINISTRATIVE OFFICE

28. FEDERAL APPLICATION IDENTIFICATION

29. ADDRESS

30. FEDERAL GRANT IDENTIFICATION

31. ACTION TAKEN
- ☐ a. AWARDED
- ☐ b. REJECTED
- ☐ c. RETURNED FOR AMENDMENT
- ☐ d. DEFERRED
- ☐ e. WITHDRAWN

32. FUNDING

a. FEDERAL	$	.00
b. APPLICANT		.00
c. STATE		.00
d. LOCAL		.00
e. OTHER		.00
f. TOTAL	$	.00

33. ACTION DATE ▶ (Year month day) 19

34. STARTING DATE (Year month day) 19

35. CONTACT FOR ADDITIONAL INFORMATION (Name and telephone number)

36. ENDING DATE (Year month day) 19

37. REMARKS ADDED ☐ Yes ☐ No

38. FEDERAL AGENCY A-95 ACTION
a. In taking above action, any comments received from clearinghouses were considered. If agency response is due under provisions of Part I, OMB Circular A-95, it has been or is being made.

b. FEDERAL AGENCY A-95 OFFICIAL (Name and telephone no.)

STANDARD FORM 424 PAGE 1 (10-75)
Prescribed by GSA, Federal Management Circular 74-7

SECTION IV–REMARKS *(Please reference the proper item number from Sections I, II or III, if applicable)*

GENERAL INSTRUCTIONS

This is a multi-purpose standard form. First, it will be used by applicants as a required facesheet for pre-applications and applications submitted in accordance with Federal Management Circular 74–7. Second, it will be used by Federal agencies to report to Clearinghouses on major actions taken on applications reviewed by clearinghouses in accordance with OMB Circular A–95. Third, it will be used by Federal agencies to notify States of grants-in-aid awarded in accordance with Treasury Circular 1082. Fourth, it may be used, on an optional basis, as a notification of intent from applicants to clearinghouses, as an early initial notice that Federal assistance is to be applied for (clearinghouse procedures will govern).

APPLICANT PROCEDURES FOR SECTION I

Applicant will complete all items in Section I. If an item is not applicable, write "NA". If additional space is needed, insert an asterisk "*", and use the remarks section on the back of the form. An explanation follows for each item:

Item

1. Mark appropriate box. Pre-application and application guidance is in FMC 74–7 and Federal agency program instructions. Notification of intent guidance is in Circular A–95 and procedures from clearinghouse. Applicant will not use "Report of Federal Action" box.

2a. Applicant's own control number, if desired.

2b. Date Section I is prepared.

3a. Number assigned by State clearinghouse, or if delegated by State, by areawide clearinghouse. All requests to Federal agencies must contain this identifier if the program is covered by Circular A–95 and required by applicable State/areawide clearinghouse procedures. If in doubt, consult your clearinghouse.

3b. Date applicant notified of clearinghouse identifier.

4a–4h. Legal name of applicant/recipient, name of primary organizational unit which will undertake the assistance activity, complete address of applicant, and name and telephone number of person who can provide further information about this request.

5. Employer identification number of applicant as assigned by Internal Revenue Service.

6a. Use Catalog of Federal Domestic Assistance number assigned to program under which assistance is requested. If more than one program (e.g., joint-funding) write "multiple" and explain in remarks. If unknown, cite Public Law or U.S. Code.

6b. Program title from Federal Catalog. Abbreviate if necessary.

7. Brief title and appropriate description of project. For notification of intent, continue in remarks section if necessary to convey proper description.

8. Mostly self-explanatory. "City" includes town, township or other municipality.

9. Check the type(s) of assistance requested. The definitions of the terms are:

   A. Basic Grant. An original request for Federal funds. This would not include any contribution provided under a supplemental grant.

   B. Supplemental Grant. A request to increase a basic grant in certain cases where the eligible applicant cannot supply the required matching share of the basic Federal program (e.g., grants awarded by the Appalachian Regional Commission to provide the applicant a matching share).

   C. Loan. Self explanatory.

Item

   D. Insurance. Self explanatory.

   E. Other. Explain on remarks page.

10. Governmental unit where significant and meaningful impact could be observed. List only largest unit or units affected, such as State, county, or city. If entire unit affected, list it rather than subunits.

11. Estimated number of persons directly benefiting from project.

12. Use appropriate code letter. Definitions are:

   A. New. A submittal for the first time for a new project.

   B. Renewal. An extension for an additional funding/budget period for a project having no projected completion date, but for which Federal support must be renewed each year.

   C. Revision. A modification to project nature or scope which may result in funding change (increase or decrease).

   D. Continuation. An extension for an additional funding/budget period for a project the agency initially agreed to fund for a definite number of years.

   E. Augmentation. A requirement for additional funds for a project previously awarded funds in the same funding/budget period. Project nature and scope unchanged.

13. Amount requested or to be contributed during the first funding/budget period by each contributor. Value of in-kind contributions will be included. If the action is a change in dollar amount of an existing grant (a revision or augmentation), indicate only the amount of the change. For decreases enclose the amount in parentheses. If both basic and supplemental amounts are included, breakout in remarks. For multiple program funding, use totals and show program breakouts in remarks. Item definitions: 13a, amount requested from Federal Government; 13b, amount applicant will contribute; 13c, amount from State, if applicant is not a State; 13d, amount from local government, if applicant is not a local government; 13e, amount from any other sources, explain in remarks.

14a. Self explanatory.

14b. The district(s) where most of actual work will be accomplished. If city-wide or State-wide, covering several districts, write "city-wide" or "State-wide."

15. Complete only for revisions (item 12c), or augmentations (item 12e).

Item	
16.	Approximate date project expected to begin (usually associated with estimated date of availability of funding).
17.	Estimated number of months to complete project after Federal funds are available.
18.	Estimated date preapplication/application will be submitted to Federal agency if this project requires clearinghouse review. If review not required, this date would usually be same as date in item 2b.
19.	Existing Federal identification number if this is not a new request and directly relates to a previous Federal action. Otherwise write "NA".
20.	Indicate Federal agency to which this request is addressed. Street address not required, but do use ZIP.
21.	Check appropriate box as to whether Section IV of form contains remarks and/or additional remarks are attached.

APPLICANT PROCEDURES FOR SECTION II

Applicants will always complete items 23a, 23b, and 23c. If clearinghouse review is required, item 22b must be fully completed. An explanation follows for each item:

Item	
22b.	List clearinghouses to which submitted and show in appropriate blocks the status of their responses. For more than three clearinghouses, continue in remarks section. All written comments submitted by or through clearinghouses must be attached.
23a.	Name and title of authorized representative of legal applicant.
23b.	Self explanatory.
23c.	Self explanatory.
Note:	Applicant completes only Sections I and II. Section III is completed by Federal agencies.

FEDERAL AGENCY PROCEDURES FOR SECTION III

If applicant-supplied information in Sections I and II needs no updating or adjustment to fit the final Federal action, the Federal agency will complete Section III only. An explanation for each item follows:

Item	
24.	Executive department or independent agency having program administration responsibility.
25.	Self explanatory.
26.	Primary organizational unit below department level having direct program management responsibility.
27.	Office directly monitoring the program.
28.	Use to identify non-award actions where Federal grant identifier in item 30 is not applicable or will not suffice.
29.	Complete address of administering office shown in item 26.
30.	Use to identify award actions where different from Federal application identifier in item 28.
31.	Self explanatory. Use remarks section to amplify where appropriate.
32.	Amount to be contributed during the first funding/budget period by each contributor. Value of in-kind contributions will be included. If the action is a change in dollar amount of an existing grant (a revision or augmentation), indicate only the amount of change. For decreases, enclose the amount in parentheses. If both basic and supplemental amounts are included, breakout in remarks. For multiple program funding, use totals and show program breakouts in remarks. Item definitions: 32a, amount awarded by Federal Government; 32b, amount applicant will contribute; 32c, amount from State, if applicant is not a State; 32d, amount from local government if applicant is not a local government; 32e, amount from any other sources, explain in remarks.
33.	Date action was taken on this request.
34.	Date funds will become available.
35.	Name and telephone no. of agency person who can provide more information regarding this assistance.
36.	Date after which funds will no longer be available.
37.	Check appropriate box as to whether Section IV of form contains Federal remarks and/or attachment of additional remarks.
38.	For use with A–95 action notices only. Name and telephone of person who can assure that appropriate A–95 action has been taken—If same as person shown in item 35, write "same". If not applicable, write "NA".

Federal Agency Procedures—special considerations

A. *Treasury Circular 1082 compliance.* Federal agency will assure proper completion of Sections I and III. If Section I is being completed by Federal agency, all applicable items must be filled in. Addresses of State Information Reception Agencies (SCIRA's) are provided by Treasury Department to each agency. This form replaces SF 240, which will no longer be used.

B. *OMB Circular A–95 compliance.* Federal agency will assure proper completion of Sections I, II, and III. This form is required for notifying all reviewing clearinghouses of major actions on all programs reviewed under A–95. Addresses of State and areawide clearinghouses are provided by OMB to each agency. Substantive differences between applicant's request and/or clearinghouse recommendations, and the project as finally awarded will be explained in A–95 notifications to clearinghouses.

C. *Special note.* In most, but not all States, the A–95 State clearinghouse and the (TC 1082) SCIRA are the same office. In such cases, the A–95 *award* notice to the State clearinghouse will fulfill the TC 1082 award notice requirement to the State SCIRA. Duplicate notification should be avoided.

U.S. ENVIRONMENTAL PROTECTION AGENCY
APPLICATION FOR FEDERAL ASSISTANCE
(Construction Grants)
General Instructions

Form Approved
OMB No. 158-R0134

In completing this form, CAREFULLY READ AND FOLLOW ALL INSTRUCTIONS. Many items are not self-explanatory. An incomplete or incorrectly completed application form may delay consideration of your application.

1. Use of this Application—This application form is to be used for EPA grant program 66.015, Construction Grants for Wastewater Treatment Works and for all land acquisition or land development projects. Also, this form shall be used to request supplemental assistance, propose changes or amendments to approved grants, and request continuation or refunding for approved grants originally submitted on this form.

2. Submission—Submit the original and three copies of the forms. If an item cannot be answered or does not appear to be related or relevant to the assistance requested, write "NA" for not applicable. When a request is made for supplemental assistance, amendments or changes to an approved grant, submit only those pages which are appropriate.

Applications for Construction Grants for Wastewater Treatment Works should be submitted to the appropriate designated State Water Pollution Control Agency.

3. Grant Regulations—Applicants are expected to understand and comply with all EPA grant regulations. These regulations are published in Title 40, Chapter 1, Subchapter B of the Code of Federal Regulations. A copy of these regulations is included in the application kit.

4. Clearinghouse Notification—Office of Management and Budget Circular A-95 requires applicants for certain Federal assistance programs to notify the State and areawide planning and development clearinghouses in the jurisdiction in which the project will be located of their intention to apply for Federal assistance. EPA grant program 66.015, Construction Grants for Wastewater Treatment Works is a program for which such notification is required.

Clearinghouses may comment on the proposed project and may solicit comments from other interested parties. All comments made by or through clearinghouses, or a statement that no such comments were received by the applicant, must be attached to the application when it is submitted. Applicants for the above program should contact the appropriate clearinghouses for further information and assistance concerning the notification process.

5. Environmental Impact—The National Environmental Policy Act of 1969 requires that all agencies of the Federal Government prepare detailed environmental statements on any actions to be taken which significantly affect the quality of the human environment. EPA procedures for the preparation of such statements are set forth in Part 6 of Title 40 of the Code of Federal Regulations (40 CFR 6.1 et seq.) As stated in the regulations, EPA will require an environmental assessment of certain projects that are to be supported by agency grants. Those projects which require such an assessment and the responsibilities of the applicant in supporting and contributing to the conduct of the assessment are set forth in the regulations. The environmental assessment will result in preparation by EPA of an Environmental Impact Statement identifying and analyzing in detail the impact of the project on the quality of the environment or a "Negative Declaration" indicating that there will be no such impact.

6. Relocation Assistance and Real Property Acquisition—The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, P. L. 91-646, provides certain rights and benefits to persons whose land is acquired or who are displaced as the result of a Federal or a federally assisted project. If the project of a State or local agency involves land acquisition or the displacement of any person from his home, business or farm, actions must be taken to assure compliance with the Act. Land must be acquired in accordance with the policies of Title III of the Act. Persons to be displaced must be provided decent, safe, sanitary and comparable housing. Procedures for complying with the Act are set forth in Part 4 of Title 40 of the Code of Federal Regulations (40 CFR 4.1 et seq.). No project subject to the Act can be assisted without the actions and assurances required by those regulations. Applicants whose projects involve the acquisition of land or the displacement of people should request a copy of 40 CFR 4.1 et seq. from the office to which this application is submitted.

7. FLOOD INSURANCE—The Flood Disaster Protection Act of 1973 (P.L. 93-234) requires grantees, as a condition of receiving any form of Federal assistance for acquisition or construction purposes (including real and nonexpendable personal property) in an identified special flood area, to purchase flood insurance if the total cost of insurable construction and acquisition is $10,000 or more. Special flood hazard areas are identified on Flood Hazard Boundry Maps and Flood Insurance Rate Maps issued by the Department of Housing and Urban Development. Communities have one year after notification of identification as a flood-prone community to enter the flood insurance program or no grant assistance may be awarded for property in the flood hazard area. Specific requirements pertaining to the flood insurance program and to the required grantee purchase of flood insurance are set forth in 40 CFR 30.405-10.

8. Completing the Application:

a. This application consists of 5 parts: General Information on Part I, Project Approval Information on Part II, Budget Information on Part III, Program Narrative on Part IV, and Assurances on Part V.
b. All dollar amounts requested in this application should be rounded to the nearest dollar.

9. Project—The term "project" as used in this application form refers to the scope of work for which Federal Assistance is awarded by grant or grant amendment pursuant to 40 CFR Part 35.

10. Pre-Application Assistance—Prior to formal application submission, assistance including, where appropriate, a pre-application conference, may be obtained from the appropriate EPA regional office and/or State Water Pollution Control Agency. A list of the EPA Regional Offices with their addresses and the area they serve may be found in 40 CFR 30.107, General Grant Regulations and Procedures.

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FEDERAL ASSISTANCE

2. APPLICANT'S APPLICATION	a. NUMBER	3. STATE APPLICATION IDENTIFIER	a. NUMBER
	b. DATE Year month day 19		b. DATE ASSIGNED Year month day 19

1. TYPE OF ACTION (Mark appropriate box)
- ☐ PREAPPLICATION
- ☐ APPLICATION
- ☐ NOTIFICATION OF INTENT (Opt.)
- ☐ REPORT OF FEDERAL ACTION

Leave Blank

SECTION I—APPLICANT/RECIPIENT DATA

4. LEGAL APPLICANT/RECIPIENT
- a. Applicant Name :
- b. Organization Unit :
- c. Street/P.O. Box :
- d. City :
- e. County :
- f. State :
- g. ZIP Code:
- h. Contact Person (Name & telephone No.) :

5. FEDERAL EMPLOYER IDENTIFICATION NO.

6. PROGRAM (From Federal Catalog)
- a. NUMBER
- b. TITLE

7. TITLE AND DESCRIPTION OF APPLICANT'S PROJECT

8. TYPE OF APPLICANT/RECIPIENT
A–State; B–Interstate; C–Substate District; D–County; E–City; F–School District; G–Special Purpose District; H–Community Action Agency; I–Higher Educational Institution; J–Indian Tribe; K–Other (Specify): _____
Enter appropriate letter ☐

9. TYPE OF ASSISTANCE
A–Basic Grant; B–Supplemental Grant; C–Loan; D–Insurance; E–Other
Enter appropriate letter(s) ☐☐

10. AREA OF PROJECT IMPACT (Names of cities, counties, States, etc.)

11. ESTIMATED NUMBER OF PERSONS BENEFITING

12. TYPE OF APPLICATION
A–New; B–Renewal; C–Revision; D–Continuation; E–Augmentation
Enter appropriate letter ☐

13. PROPOSED FUNDING

a. FEDERAL	$	.00
b. APPLICANT		.00
c. STATE		.00
d. LOCAL		.00
e. OTHER		.00
f. TOTAL	$	.00

14. CONGRESSIONAL DISTRICTS OF:
- a. APPLICANT
- b. PROJECT

15. TYPE OF CHANGE (For 12c or 12e)
A–Increase Dollars; B–Decrease Dollars; C–Increase Duration; D–Decrease Duration; E–Cancellation; F–Other (Specify): _____
Enter appropriate letter(s) ☐☐☐

16. PROJECT START DATE Year month day 19

17. PROJECT DURATION Months

18. ESTIMATED DATE TO BE SUBMITTED TO FEDERAL AGENCY ▶ Year month day 19

19. EXISTING FEDERAL IDENTIFICATION NUMBER

20. FEDERAL AGENCY TO RECEIVE REQUEST (Name, City, State, ZIP code)

21. REMARKS ADDED ☐ Yes ☐ No

SECTION II—CERTIFICATION

22. THE APPLICANT CERTIFIES THAT ▶

a. To the best of my knowledge and belief, data in this preapplication/application are true and correct, the document has been duly authorized by the governing body of the applicant and the applicant will comply with the attached assurances if the assistance is approved.

b. If required by OMB Circular A-95 this application was submitted, pursuant to instructions therein, to appropriate clearinghouses and all responses are attached:

	No response	Response attached
(1)	☐	☐
(2)	☐	☐
(3)	☐	☐

23. CERTIFYING REPRESENTATIVE
- a. TYPED NAME AND TITLE
- b. SIGNATURE
- c. DATE SIGNED Year month day 19

SECTION III—FEDERAL AGENCY ACTION

24. AGENCY NAME

25. APPLICATION RECEIVED Year month day 19

26. ORGANIZATIONAL UNIT

27. ADMINISTRATIVE OFFICE

28. FEDERAL APPLICATION IDENTIFICATION

29. ADDRESS

30. FEDERAL GRANT IDENTIFICATION

31. ACTION TAKEN
- ☐ a. AWARDED
- ☐ b. REJECTED
- ☐ c. RETURNED FOR AMENDMENT
- ☐ d. DEFERRED
- ☐ e. WITHDRAWN

32. FUNDING

a. FEDERAL	$	.00
b. APPLICANT		.00
c. STATE		.00
d. LOCAL		.00
e. OTHER		.00
f. TOTAL	$	.00

33. ACTION DATE ▶ Year month day 19

34. STARTING DATE Year month day 19

35. CONTACT FOR ADDITIONAL INFORMATION (Name and telephone number)

36. ENDING DATE Year month day 19

37. REMARKS ADDED ☐ Yes ☐ No

38. FEDERAL AGENCY A-95 ACTION

a. In taking above action, any comments received from clearinghouses were considered. If agency response is due under provisions of Part I, OMB Circular A-95, it has been or is being made.

b. FEDERAL AGENCY A-95 OFFICIAL (Name and telephone no.)

SECTION IV—REMARKS *(Please reference the proper item number from Sections I, II or III, if applicable)*

GENERAL INSTRUCTIONS

OMB APPROVAL NO. 29-R0218

This is a multi-purpose standard form. First, it will be used by applicants as a required facesheet for pre-applications and applications submitted in accordance with Federal Management Circular 74–7. Second, it will be used by Federal agencies to report to Clearinghouses on major actions taken on applications reviewed by clearinghouses in accordance with OMB Circular A–95. Third, it will be used by Federal agencies to notify States of grants-in-aid awarded in accordance with Treasury Circular 1082. Fourth, it may be used, on an optional basis, as a notification of intent from applicants to clearinghouses, as an early initial notice that Federal assistance is to be applied for (clearinghouse procedures will govern).

APPLICANT PROCEDURES FOR SECTION I

Applicant will complete all items in Section I. If an item is not applicable, write "NA". If additional space is needed, insert an asterisk "*", and use the remarks section on the back of the form. An explanation follows for each item:

Item

1. Mark appropriate box. Pre-application and application guidance is in FMC 74–7 and Federal agency program instructions. Notification of intent guidance is in Circular A–95 and procedures from clearinghouse. Applicant will not use "Report of Federal Action" box.

2a. Applicant's own control number, if desired.

2b. Date Section I is prepared.

3a. Number assigned by State clearinghouse, or if delegated by State, by areawide clearinghouse. All requests to Federal agencies *must* contain this identifier if the program is covered by Circular A–95 and required by applicable State/areawide clearinghouse procedures. If in doubt, consult your clearinghouse.

3b. Date applicant notified of clearinghouse identifier.

4a–4h. Legal name of applicant/recipient, name of primary organizational unit which will undertake the assistance activity, complete address of applicant, and name and telephone number of person who can provide further information about this request.

5. Employer identification number of applicant as assigned by Internal Revenue Service.

6a. Use Catalog of Federal Domestic Assistance number assigned to program under which assistance is requested. If more than one program (e.g., joint-funding) write "multiple" and explain in remarks. If unknown, cite Public Law or U.S. Code.

6b. Program title from Federal Catalog. Abbreviate if necessary.

7. Brief title and appropriate description of project. For notification of intent, continue in remarks section if necessary to convey proper description.

8. Mostly self-explanatory. "City" includes town, township or other municipality.

9. Check the type(s) of assistance requested. The definitions of the terms are:

   A. Basic Grant. An original request for Federal funds. This would not include any contribution provided under a supplemental grant.

   B. Supplemental Grant. A request to increase a basic grant in certain cases where the eligible applicant cannot supply the required matching share of the basic Federal program (e.g., grants awarded by the Appalachian Regional Commission to provide the applicant a matching share).

   C. Loan. Self explanatory.

Item

   D. Insurance. Self explanatory.

   E. Other. Explain on remarks page.

10. Governmental unit where significant and meaningful impact could be observed. List only largest unit or units affected, such as State, county, or city. If entire unit affected, list it rather than subunits.

11. Estimated number of persons directly benefiting from project.

12. Use appropriate code letter. Definitions are:

   A. New. A submittal for the first time for a new project.

   B. Renewal. An extension for an additional funding/budget period for a project having no projected completion date, but for which Federal support must be renewed each year.

   C. Revision. A modification to project nature or scope which may result in funding change (increase or decrease).

   D. Continuation. An extension for an additional funding/budget period for a project the agency initially agreed to fund for a definite number of years.

   E. Augmentation. A requirement for additional funds for a project previously awarded funds in the same funding/budget period. Project nature and scope unchanged.

13. Amount requested or to be contributed during the first funding/budget period by each contributor. Value of in-kind contributions will be included. If the action is a change in dollar amount of an existing grant (a revision or augmentation), indicate only the amount of the change. For decreases enclose the amount in parentheses. If both basic and supplemental amounts are included, breakout in remarks. For multiple program funding, use totals and show program breakouts in remarks. Item definitions: 13a, amount requested from Federal Government; 13b, amount applicant will contribute; 13c, amount from State, if applicant is not a State; 13d, amount from local government, if applicant is not a local government; 13e, amount from any other sources, explain in remarks.

14a. Self explanatory.

14b. The district(s) where most of actual work will be accomplished. If city-wide or State-wide, covering several districts, write "city-wide" or "State-wide."

15. Complete only for revisions (item 12c), or augmentations (item 12e).

Item	
16.	Approximate date project expected to begin (usually associated with estimated date of availability of funding).
17.	Estimated number of months to complete project after Federal funds are available.
18.	Estimated date preapplication/application will be submitted to Federal agency if this project requires clearinghouse review. If review not required, this date would usually be same as date in item 2b.
19.	Existing Federal identification number if this is not a new request and directly relates to a previous Federal action. Otherwise write "NA".
20.	Indicate Federal agency to which this request is addressed. Street address not required, but do use ZIP.
21.	Check appropriate box as to whether Section IV of form contains remarks and/or additional remarks are attached.

APPLICANT PROCEDURES FOR SECTION II

Applicants will always complete items 23a, 23b, and 23c. If clearinghouse review is required, item 22b must be fully completed. An explanation follows for each item:

Item	
22b.	List clearinghouses to which submitted and show in appropriate blocks the status of their responses. For more than three clearinghouses, continue in remarks section. All written comments submitted by or through clearinghouses must be attached.
23a.	Name and title of authorized representative of legal applicant.
23b.	Self explanatory.
23c.	Self explanatory.
Note:	Applicant completes only Sections I and II. Section III is completed by Federal agencies.

FEDERAL AGENCY PROCEDURES FOR SECTION III

If applicant-supplied information in Sections I and II needs no updating or adjustment to fit the final Federal action, the Federal agency will complete Section III only. An explanation for each item follows:

Item	
24.	Executive department or independent agency having program administration responsibility.
25.	Self explanatory.
26.	Primary organizational unit below department level having direct program management responsibility.
27.	Office directly monitoring the program.
28.	Use to identify non-award actions where Federal grant identifier in item 30 is not applicable or will not suffice.
29.	Complete address of administering office shown in item 26.
30.	Use to identify award actions where different from Federal application identifier in item 28.
31.	Self explanatory. Use remarks section to amplify where appropriate.
32.	Amount to be contributed during the first funding/budget period by each contributor. Value of in-kind contributions will be included. If the action is a change in dollar amount of an existing grant (a revision or augmentation), indicate only the amount of change. For decreases, enclose the amount in parentheses. If both basic and supplemental amounts are included, breakout in remarks. For multiple program funding, use totals and show program breakouts in remarks. Item definitions: 32a, amount awarded by Federal Government; 32b, amount applicant will contribute; 32c, amount from State, if applicant is not a State; 32d, amount from local government if applicant is not a local government; 32e, amount from any other sources, explain in remarks.
33.	Date action was taken on this request.
34.	Date funds will become available.
35.	Name and telephone no. of agency person who can provide more information regarding this assistance.
36.	Date after which funds will no longer be available.
37.	Check appropriate box as to whether Section IV of form contains Federal remarks and/or attachment of additional remarks.
38.	For use with A–95 action notices only. Name and telephone of person who can assure that appropriate A–95 action has been taken—If same as person shown in item 35, write "same". If not applicable, write "NA".

Federal Agency Procedures—special considerations

A. *Treasury Circular 1082 compliance.* Federal agency will assure proper completion of Sections I and III. If Section I is being completed by Federal agency, all applicable items must be filled in. Addresses of State Information Reception Agencies (SCIRA's) are provided by Treasury Department to each agency. This form replaces SF 240, which will no longer be used.

B. *OMB Circular A–95 compliance.* Federal agency will assure proper completion of Sections I, II, and III. This form is required for notifying all reviewing clearinghouses of major actions on all programs reviewed under A–95. Addresses of State and areawide clearinghouses are provided by OMB to each agency. Substantive differences between applicant's request and/or clearinghouse recommendations, and the project as finally awarded will be explained in A–95 notifications to clearinghouses.

C. *Special note.* In most, but not all States, the A–95 State clearinghouse and the (TC 1082) SCIRA are the same office. In such cases, the A–95 *award* notice to the State clearinghouse will fulfill the TC 1082 award notice requirement to the State SCIRA. Duplicate notification should be avoided.

070—16—83499—1 GPO

PART II

PROJECT APPROVAL INFORMATION
SECTION A

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Item 1.
Does this assistance request require State, local, regional, or other priority rating?

Name of Governing Body_____
Priority Rating_____

_____Yes _____No

Item 2.
Does this assistance request require State, or local advisory, educational or health clearances?

Name of Agency or Board_____

_____Yes____No (Attach Documentation)

Item 3.
Does this assistance request require clearinghouse review in accordance with OMB Circular A-95?

(Attach Comments)

_____Yes____No

Item 4.
Does this assistance request require State, local, regional or other planning approval?

Name of Approving Agency _____
Date_____

_____Yes____No

Item 5.
Is the proposed project covered by an approved comprehensive plan?

Check one: State ☐
Local ☐
Regional ☐

_____Yes____No Location of plan_____

Item 6.
Will the assistance requested serve a Federal installation?

Name of Federal Installation_____
Federal Population benefiting from Project_____

_____Yes____No

Item 7.
Will the assistance requested be on Federal land or installation?

Name of Federal Installation_____
Location of Federal Land_____
Percent of Project _____

_____Yes____No

Item 8.
Will the assistance requested have an impact or effect on the environment?

See instruction for additional information to be provided.

_____Yes____No

Item 9.
Has the project for which assistance is requested caused, since January 1, 1971, or will it cause, the displacement of any individual, family, business, or farm?

Number of:
Individuals_____
Families_____
Businesses_____
Farms_____

_____Yes____No

Item 10.
Is there other related Federal assistance on this project previous, pending, or anticipated?

See instructions for additional information to be provided.

_____Yes____No

Item 11.
Is project in a designated flood hazard area?

_____Yes ____No

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INSTRUCTIONS

PART II – SECTION A

Negative answers will not require an explanation unless the Federal agency requests more information at a later date. Provide supplementary data for all "Yes" answers in the space provided in accordance with the following instructions.

Item 1 – Provide the name of the governing body establishing the priority system and the priority rating assigned to this project.

Item 2 – Provide the name of the agency or board which issued the clearance and attach the documentation of status or approval.

Item 3 – Attach the clearinghouse comments for the application in accordance with the instructions contained in Office of Management and Budget Circular No. A-95. If comments were submitted previously with a preapplication, do not submit them again but any additional comments received from the clearinghouse should be submitted with this application.

Item 4 – Furnish the name of the approving agency and the approval date.

Item 5 – Show whether the approved comprehensive plan is State, local or regional, or if none of these, explain the scope of the plan. Give the location where the approved plan is available for examination and state whether this project is in conformance with the plan.

Item 6 – Show the Federal population residing or working on the federal installation who will benefit from this project.

Item 7 – Show the percentage of the project work that will be conducted on federally owned or leased land. Give the name of the Federal installation and its location.

Item 8 – Briefly describe the possible beneficial and/or harmful impact on the environment because of the proposed project. If an adverse environmental impact is anticipated, explain what action will be taken to minimize the impact. Federal agencies will provide separate instructions if additional data is needed.

Item 9 – State the number of individuals, families, businesses, or farms this project will displace. Federal agencies will provide separate instructions if additional data is needed.

Item 10 – Show the Federal Domestic Assistance Catalog number, the program name, the type of assistance, the status and amount of each project where there is related previous, pending, or anticipated assistance. Use additional sheets, if needed.

Item 11 – **Flood Insurance** – Check "Yes" if project or any nonexpendable property is to be located in a special flood hazard area designated by the Department of Housing and Urban Development. If the answer is "Yes" the grantee must purchase the required flood insurance if required pursuant to Item 7 of the General Instructions to this application.

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INSTRUCTION

PART II – SECTION B

11. SITES AND IMPROVEMENTS: _____ Not required, _____ Attached as exhibits Applicant intends to acquire the site through: _____ Eminent domain, _____ Negotiated purchase, _____ Other means (specify)
12. TITLE OR OTHER INTEREST IN THE SITE IS OR WILL BE VESTED IN: _____ Applicant, _____ Agency or institution operating the facility, _____ Other (specify)
13. INDICATE WHETHER APPLICANT/OPERATOR HAS: _____ Fee simple title, _____ Leasehold interest, _____ Other (specify)
14. IF APPLICANT/OPERATOR HAS LEASEHOLD INTEREST, GIVE THE FOLLOWING INFORMATION: a. Length of lease or other estate interest _____ , and number of years to run _____ b. Is lease renewable? _____ Yes _____ No c. Current appraised value of land $_____ d. Annual rental rate $_____
15. ATTACH AN OPINION FROM ACCEPTABLE TITLE COUNSEL DESCRIBING THE INTEREST APPLICANT/ OPERATOR HAS IN THE SITE AND CERTIFYING THAT THE ESTATE OR INTEREST IS LEGAL & VALID
16. WHERE APPLICABLE, ATTACH SITE SURVEY, SOIL INVESTIGATION REPORTS AND COPIES OF LAND APPRAISALS.
17. WHERE APPLICABLE, ATTACH CERTIFICATION FROM ARCHITECT ON THE FEASIBILITY OF IMPROVING EXISTING SITE TOPOGRAPHY.
18. ATTACH PLOT PLAN.
19. CONSTRUCTION SCHEDULE ESTIMATES: ____ Not required, ____ Being prepared, ____ Attached as exhibits Percentage of completion of drawings and specifications at application date: Schematics _____ % Preliminary _____ % Final _____ %
20. TARGET DATES FOR: Bid Advertisement _____ Contract Award _____ Construction Completion _____ Occupancy _____
21. DESCRIPTION OF FACILITY: _____ Not Required _____ Attached as exhibits Drawings – Attach any drawings which will assist in describing the project. Specifications – Attach copies of completed outline specifications. *(If drawings and specifications have not been fully completed, please attach copies or working drawings that have been completed.)*

NOTE: ITEMS ON THIS SHEET ARE SELF-EXPLANATORY; THEREFORE, NO INSTRUCTIONS ARE PROVIDED.

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PART III – BUDGET INFORMATION – CONSTRUCTION

SECTION A – GENERAL

1. Federal Domestic Assistance Catalog No. ..... _____
2. Functional or Other Breakout ..... _____

SECTION B – CALCULATION OF FEDERAL GRANT

Cost Classification	Use only for revisions		Total Amount Required
	Latest Approved Amount	Adjustment + or (–)	
1. Administration expense	$	$	$
2. Preliminary expense			
3. Land structures, right-of-way			
4. Architectural engineering basic fees			
5. Other architectural engineering fees			
6. Project inspection fees			
7. Land development			
8. Relocation Expenses			
9. Relocation payments to Individuals and Businesses			
10. Demolition and removal			
11. Construction and project improvement			
12. Equipment			
13. Miscellaneous			
14. Total (Lines 1 through 13)			
15. Estimated Income *(if applicable)*			
16. Net Project Amount *(Line 14 minus 15)*			
17. Less: Ineligible Exclusions			
18. Add: Contingencies			
19. Total Project Amt. *(Excluding Rehabilitation Grants)*			
20. Federal Share requested of Line 19			
21. Add Rehabilitation Grants Requested *(100 Percent)*			
22. Total Federal grant requested *(Line 20 & 21)*			
23. Grantee share			
24. Other shares			
25. Total project *(Lines 22, 23 & 24)*	$	$	$

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INSTRUCTIONS

PART III

Section A. General

1. Show the Federal Domestic Assistance Catalog Number from which the assistance is requested. When more than one program or Catalog Number is involved and the amount cannot be distributed to the Federal grant program or catalog number on an overall percentage basis, prepare a separate set of Part III forms for each program or Catalog Number. However, show the total amounts for all programs in Section B of the *basic* application form.

2. Show the functional or other categorical breakouts, if required by the Federal grantor agency. Prepare a separate set of Part III forms for each category.

Section B. Calculation of Federal Grant

When applying for a new grant, use the Total Amount Column only. When requesting revisions of previously awarded amounts, use all columns.

Line 1 – Enter amounts needed for administration expenses including such items as travel, legal fees, rental of vehicles and any other expense items expected to be incurred to administer the grant. Include the amount of interest expense when authorized by program legislation and also show this amount under Section E Remarks.

Line 2 – Enter amounts pertaining to the work of locating and designing, making surveys and maps, sinking test holes, and all other work required prior to actual construction.

Line 3 – Enter amounts directly associated with the acquisition of land, existing structures, and related right-of-way.

Line 4 – Enter basic fees for architectural engineering services.

Line 5 – Enter amounts for other architectural engineering services, such as surveys, tests, and borings.

Line 6 – Enter fees for inspection and audit of construction and related programs.

Line 7 – Enter amounts associated with the development of land where the primary purpose of the grant is land improvement. Site work normally associated with major construction should be excluded from this category and shown on Line 11.

Line 8 – Enter the dollar amounts needed to provide relocation advisory assistance, and the net amounts for replacement *(Last resort)* housing. Do not include relocation administration expenses on this Line; include them on Line 1.

Line 9 – Enter the estimated amount of relocation payments to be made to displaced persons, business concerns and non-profit organizations for moving expenses and replacement housing.

Line 10 – Enter the gross salaries and wages of employees of the grantee who will be directly engaged in performing demolition or removal of structures from developed land. This line should show also the cost of demolition or removal of improvements on developed land under a third party contract. Reduce the costs on this line by the amount of expected proceeds from the sale of salvage, if so instructed by the Federal grantor agency. Otherwise, show the proceeds on Line 15.

Line 11 – Enter amounts for the actual construction of, addition to, or restoration of a facility. Also include in this category the amounts of project improvements such as sewers, streets, landscaping and lighting.

Line 12 – Enter amounts for equipment both fixed and movable exclusive of equipment used for construction. For example, include amounts for permanently attached laboratory tables, built-in audio visual systems, movable desks, chairs, and laboratory equipment.

Line 13 – Enter amounts for items not specifically mentioned above.

Line 14 – Enter the sum of Lines 1-13.

Line 15 – Enter the estimated amount of program income that will be earned during the grant period and applied to the program.

Line 16 – Enter the difference between the amount on Line 14 and the estimated income shown on Line 15.

Line 17 – Enter amounts for those items which are part of the project but not subject to Federal participation (See Section C, Line 26g, Column (1)).

Line 18 – Enter the estimated amount for contingencies. Compute this amount as follows. Subtract from the net project amount shown on Line 16 the ineligible project exclusions shown on Line 17 and the amount which is excluded from the contingency provisions shown in Section C, Line 26g, Column (2). Multiply the computed amount by the percentage factor allowed by the grantor agency in accordance with the Federal program guidance. For those grants which provide for a fixed dollar allowance in lieu of a percentage allowance, enter the dollar amount of this allowance.

Line 19 – Show the total amount of Lines 16, 17, and 18. (This is the amount to which the matching share ratio prescribed in program legislation is applied.)

Line 20 – Show the amount of Federal funds requested exclusive of funds for rehabilitation purposes.

Line 21 – Enter the estimated amounts needed for rehabilitation expense if rehabilitation grants to individuals are made for which grantees are reimbursed 100 percent by the Federal grantor agency in accordance with program legislation. If the grantee shares in part of this expense show the total amount on Line 13 instead of on Line 21 and explain in Section E.

Line 22 – Show the total amount of the Federal grant requested.

Line 23 – Show the amount from Section D, Line 27h.

Line 24 – Show the amount from Section D, Line 28c.

Line 25 – Self-explanatory.

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SECTION C – EXCLUSIONS

26 Classification	Ineligible for Participation (1)	Excluded from Contingency Provision (2)
a.	$	$
b.		
c.		
d.		
e.		
f.		
g. Totals	$	$

SECTION D – PROPOSED METHOD OF FINANCING NON-FEDERAL SHARE

27. Grantee Share	$
a. Securities	
b. Mortgages	
c. Appropriations (By Applicant)	
d. Bonds	
e. Tax Levies	
f. Non Cash	
g. Other (Explain)	
h. TOTAL – Grantee share	
28. Other Shares	
a. State	
b. Other	
c. Total Other Shares	
29. TOTAL	$

SECTION E – REMARKS

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INSTRUCTIONS

PART III

Section C. Exclusions

Line 26 a-g – Identify and list those costs in Column (1) which are part of the project cost but are not subject to Federal participation because of program legislation or Federal grantor agency instructions. The total amount on Line g should agree with the amount shown on Line 17 of Section B. Show in Column (2) those project costs that are subject to Federal participation but are not eligible for inclusion in the amount used to compute contingency amounts as provided in the Federal grantor agency instructions.

Section D. Proposed Method of Financing Non-Federal Share

Line 27 a-g – Show the source of the grantee's share. If cash is not immediately available, specify the actions completed to date and those actions remaining to make cash available under Section E Remarks. Indicate also the period of time that will be required after execution of the grant agreement to obtain the funds. If there is a noncash contribution, explain what this contribution will consist of.

Line 27 h – Show the total of Lines 27 a-g. This amount must equal the amount shown in Section B, Line 23.

Line 28 a – Show the amount that will be contributed by a State or state agency, *only* if the applicant is *not* a State or state agency. If there is a noncash contribution, explain what the contribution will consist of under Section E Remarks.

Line 28 b – Show the amount that will be contributed from other sources. If there is a noncash contribution, explain what this contribution will consist of under Section E Remarks.

Line 28 c – Show the total of Lines 28a and 28b. This amount must be the same as the amount shown in Section B, line 24.

Line 29 – Enter the totals of Line 27h and Line 28c.

Section E. Other Remarks

Make any remarks pertinent to the project and provide any other information required by these instructions or the grantor agency. Attach additional sheets, if necessary.

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PART IV—NARRATIVE STATEMENT

CONSTRUCTION GRANTS FOR WASTEWATER TREATMENT WORKS

Section A. Introduction

Construction of federally financed waste treatment works generally is accomplished in three steps: Step 1 facilities plans and related elements; Step 2 preparation of construction drawings and specifications, and Step 3 fabrication and building of a treatment works. An application must be submitted to the State agency for each proposed treatment works. The basic application shall meet the requirements for the project set forth in Section B. Submissions required for subsequent related projects shall be provided in the form of amendments to the basic application. Each such submission shall be submitted through the State agency, must be complete, and must relate to a project for which priority has been determined by the State agency. If any information required has been furnished with an earlier application, the applicant need only incorporate by reference and, if necessary update or revise such information utilizing the previously approved application. Prior to completion of an application applicants should be thoroughly familiar with all EPA grant regulations which apply to this program.

Section B. Application Requirements

1. For all grant applications or amendment (Step 1, 2, or 3) identify, by the National Pollution Discharge Elimination System (NPDES) permit discharge name and number, as appropriate, all publicly owned treatment works that will be included within the work scope for which grant assistance is being requested.

2. Project for facilities plan and related elements required to apply for Step 2 grant assistance *(Step 1)*. An application for a grant for Step 1 shall include:

a. A plan of study presenting (i) the proposed planning area; (ii) an identification of the entity or entities that will be conducting the planning; (iii) the nature and scope of the proposed Step 1 project, including a schedule for the completion of specific tasks; and (iv) an itemized description of the estimated costs for the project. (See 40 CFR 35.917).

b. Proposed subagreements, or an explanation of the intended method of awarding subagreements for performance of any substantial portion of the project work.

c. Required comments or approvals of relevant State, local, and Federal agencies *(including "clearinghouse" requirements of OMB Circular A-95).*

3. Project for preparation of construction drawings and specifications *(Step 2)*. An application for a grant or grant amendment for preparation of construction drawings and specifications shall include:

a. A facilities plan (including an environmental assessment in accordance with 40 CFR Part 6) in accordance with 40 CFR 35.917 through 35.917-9. The description of the treatment works for which construction drawings and specifications are to be prepared shall include cost estimates for design and construction for the treatment works, and a schedule for completion of the design and construction. It shall indicate the planned division of all the work to be encompassed by the Grant, i.e., completing the planned treatment works, *(Step 2 and Step 3)* including any segmenting or phasing, into projects for which applications for amendment of the basic application will be submitted. Cost estimates shall be provided for each such project as well as the total estimate for the treatment works using the format provided on Page 13 of this application form. Month and year of cost estimate preparation shall be included.

b. Satisfactory evidence of compliance with the user charge provisions of 40 CFR 35.925-11 and 35.935-13.

c. Satisfactory evidence of compliance with the industrial cost recovery provisions of 40 CFR 35.925-12, 35.928, and 35.935-13, if applicable.

d. A statement regarding availability of the proposed site, if relevant.

e. Satisfactory evidence of a proposed or existing program for compliance with the Relocation and Land Acquisition Policies Act of 1970 in accordance with 40 CFR 30.403(d) and 40 CFR Part 4, if applicable.

f. Satisfactory evidence of compliance with other applicable Federal statutory and regulatory requirements (see 40 CFR Part 30, Subpart C).

g. Proposed subagreements or an explanation of the intended method of awarding subagreements for performance of any substantial portion of the project work.

h. Required comments or approvals of relevant State, local, and Federal agencies (including "clearinghouse" requirements of OMB Circular A-95) if a grant application has not been previously submitted

4. Project for building and erecting of a treatment works *(Step 3)*. An application for a grant or grant amendment for the building and erection of a treatment works shall include (a) the items in paragraph (2) of this section, (b) two sets of the construction drawings and specifications, suitable for bidding purposes, and (c) a schedule for or evidence of compliance with 40 CFR 35.925-10 and 35.935-12 concerning an operation and maintenance program, must have been furnished. It shall also include cost estimates for the completion of construction of the treatment works with an affirmation of their current validity and a schedule for the completion of construction. The format provided on Page 13 of this application form will be used.

5. Training Facility Project. An application for assistance for construction of a training facility pursuant to Section 109(b) of the Act shall include (a) a statement concerning the suitability of the treatment works facility for training operation and maintenance personnel for treatment works throughout one or more States; (b) a written commitment from the State agency or agencies to carry out at such facility a program of training approved by the Regional Administrator; and (c) an engineering report, including facility design data, cost estimates for design and construction of the facility, and a schedule for completion of design and construction.

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SUMMARY OF COSTS OF PLANNED TREATMENT WORKS SCHEDULED BY PROJECT AND CATEGORY *(Read instructions on reverse before completing form)*			MUNICIPALITY *(Applicant)*:			APPLICANT'S APPLICATION NO. C-_____-0___
1.		*a. PROJECT SEQUENCE	b. PROJECT SEQUENCE	c. PROJECT SEQUENCE	d. PROJECT SEQUENCE	e. TOTAL ALL PROJECTS
2.	PROJECT STEP	STEP	STEP	STEP	STEP	
3.	ESTIMATED CALENDAR QUARTER/ YEAR APPLICATION WILL BE SUBMITTED TO EPA FOR FUNDING					
		$	$	$	$	$
4.	a. CATEGORY I Secondary Treatment and BPWTT					
	b. CATEGORY II More Stringent Treatment					
	c. CATEGORY IIIA Infiltration/Inflow Correction					
	d. CATEGORY IIIB Major Sewer System Rehabilitation					
	e. CATEGORY IVA New Collectors, etc.					
	f. CATEGORY IVB New Interceptors, etc.					
	g. CATEGORY V Correction of Combined Sewer Overflows					
	h. CATEGORY VI Treatment and/or Control of Stormwaters					
5.	TOTAL COST OF STEP 2 AND STEP 3 PROJECTS — a. PREVIOUSLY FUNDED	$	$	$	$	$
	b. PLANNED	$	$	$	$	
6.	TOTAL ESTIMATED COST OF ALL PLANNED BUT UNFUNDED PROJECTS TO BE INCLUDED IN THE ENTIRE GRANT					$
7.	STEP 1 PROJECT COST PROJECT NO. C_____-0___					** $
8.	COST ESTIMATES OF PLANNED PROJECTS WERE COMPUTED AS OF (MONTH AND YEAR) AND REFLECT THE LATEST CONSTRUCTION COST INDEX OF_____ AS REPORTED BY THE ENGINEERING NEWS RECORD.					

9a. ESTIMATES PREPARED/VERIFIED BY			9b. REVIEW AND APPROVAL BY STATE AGENCY	
NAME *(Please print)*		DATE	NAME *(Please print)*	DATE
ORGANIZATION			ORGANIZATION	
TELEPHONE NUMBER	AREA CODE	NUMBER	SIGNATURE	
SIGNATURE			9c. REVIEW AND APPROVAL BY EPA REGIONAL OFFICE	
			NAME *(Please print)*	DATE
			SIGNATURE	

* The Step 1 project, if any, will be reported on line 7.

** If no Step 1 project was funded by EPA, insert N/A.

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GENERAL INSTRUCTIONS

Provide the actual or estimated costs for the design and construction projects to complete the Treatment Works as planned. Indicate the planned division of the work to be encompassed by the Grant into projects, i.e., the Step Two project for preparation of construction drawings and specifications, and the Step Three project for construction. Identify any recommended segmenting or phasing of design or construction into additional Step Two or Step Three projects. Use additional pages if the number of Step Two and Step Three projects being recommended exceeds four. If one or more recommended Step Two or Step Three projects would be carried out by a municipality other than the municipality funding the Step One facilities planning, show that project(s) on a separate page.

SPECIFIC INSTRUCTIONS

ITEM(S)

1 If the first project funded by EPA was for Facilities Planning (Step One), report it on line 7. The second project would normally be for preparation of construction drawings and specifications, etc. Enter any project sequence numbers the State has assigned.

ITEMS 2 THRU 5 REQUIRE INFORMATION ON FUNDED OR PLANNED PROJECTS IN CHRONOLOGICAL SEQUENCE LEFT TO RIGHT.

2 Enter the step of each project funded or planned.

3 Enter the date (calendar quarter/year) when the application for each recommended project on a State Project Priority List is scheduled to be submitted to EPA. If a project has already been funded by EPA or is not on the approved State Project Priority List, insert "N/A."

4a-h Enter the actual or estimated cost of each project identified by category of work.

5 Enter the total actual or estimated cost of each project.

6 Enter the total estimated cost of all planned but unfunded projects to be included in this entire grant (sum of 5.b. columns A through D). Exclude the estimated cost of the project which is the subject of this application.

7 Enter the EPA Identification Number of the Step One, Facilities Planning, project, if any, for this grant. Enter the total cost of the Step One project.

8 Enter the date (month/year) upon which estimated costs are based and the appropriate Construction Cost Index for that month as reported in the Engineering News Record.

9a. Insert name, date, organization, phone and signature of responsible individual on applicant's or consultant's staff who may be contacted regarding estimates.

b. Insert name and organization of State official responsible for review of this application.

c. Insert name of EPA individual responsible for programmatic review of the project covered by this application.

DEFINITIONS

CATEGORY

I Secondary Treatment and Best Practicable Waste Treatment Technology (BPWTT), including costs for higher levels of BOD and suspended solids removal, without a requirement for removal of other constitutents.

II Advanced waste treatment, including removal of one or more of the following: phosphorus, nitrogen, nitrate chemical oxygen demand, total organic carbon, pesticides, heavy metals, etc. Also included are polishing lagoons which temporarily retain effluents from secondary treatment facilities.

IIIA Correction of Infiltration/Inflow Conditions, including cost of the I/I analysis and evaluation, together with all costs necessary for removing excessive I/I from the sewer system, such as replacement or relining sewer sections, flow routing systems, etc., and including the treatment plant component costs specifically required to treat I/I flows which cannot be reduced in a cost effective manner.

IIIB Replacement or major rehabilitation of sewers, where it has been determined that such replacement or rehabilitation is necessary to the total integrity and performance of the wastewater treatment works.

IVA New collectors, including sewers, force mains and pumping stations which perform the complete collector sewer function.

IVB New interceptors, including sewers, force mains and pumping stations which perform the complete interceptor sewer function.

V Correction of combined sewer overflows including costs for evaluating alternative methods of correcting such overflows and the cost of new collectors, interceptors, storm sewers, retention basins, etc., necessary to alleviate the overflow problem.

VI Treatment and/or control of stormwaters, including the costs of abating pollution from stormwater runoff channelled through sewers and other conveyances used only for such run-off. Costs of abating pollution from stormwater channelled through sewers which also carry sewage are included in Category V.

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PART V

ASSURANCES

The applicant hereby assures and certifies that he will comply with the regulations, policies, guidelines and requirements, **including Office of Management and Budget Circular No. A-95, and FMCs 74-4 and 74-7, as they relate to the application,** acceptance and use of Federal funds for this federally-assisted project. Also, the applicant gives assurance and certifies with respect to the grant that:

1. It possesses legal authority to apply for the grant, and to finance and construct the proposed facilities; that a resolution, motion or similar action has been duly adopted or passed as an official act of the applicant's governing body, authorizing the filing of the application, including all understandings and assurances contained therein, and directing and authorizing the person identified as the official representative of the applicant to act in connection with the application and to provide such additional information as may be required.

2. It will comply with the provisions of: Executive Order 11296, relating to evaluation of flood hazards.

3. It will have sufficient funds available to meet the non-Federal share of the cost for construction projects. Sufficient funds will be available when construction is completed to assure effective operation and maintenance of the facility for the purposes constructed.

4. It will obtain approval by the appropriate Federal agency of the final working drawings and specifications before the project is advertised or placed on the market for bidding; that it will construct the project, or cause it to be constructed, to final completion in accordance with the application and approved plans and specifications; that it will submit to the appropriate Federal agency for prior approval changes that alter the costs of the project, use of space, or functional layout; that it will not enter into a construction contract(s) for the project or undertake other activities until the conditions of the construction grant program(s) have been met.

5. It will provide and maintain competent and adequate architectural engineering supervision and inspection at the construction site to insure that the completed work conforms with the approved plans and specifications; that it will furnish progress reports and such other information as the Federal grantor agency may require.

6. It will operate and maintain the facility in accordance with the minimum standards as may be required or prescribed by the applicable Federal, State and local agencies for the maintenance and operation of such facilities.

7. It will give the grantor agency and the Comptroller General through any authorized representative access to and the right to examine all records, books, papers, or documents related to the grant.

8. It will require the facility to be designed to comply with the "American Standard Specifications for Making Buildings and Facilities Accessible to, and Usable by, the Physically Handicapped," Number A117.1-1961, as modified (41 CFR 101-19.603). The applicant will be responsible for conducting inspections to insure compliance with these specifications by the contractor.

9. It will cause work on the project to be commenced within a reasonable time after receipt of notification from the approving Federal agency that funds have been approved and that the project will be prosecuted to completion with reasonable diligence.

10. It will not dispose of or encumber its title or other interests in the site and facilities during the period of Federal interest or while the Government holds bonds, whichever is the longer.

11. It will comply with Title VI of the Civil Rights Act of 1964 (P.L. 88 352) and in accordance with Title VI of that Act, no person in the United States shall, on the ground of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity for which the applicant receives Federal financial assistance and will immediately take any measures necessary to effectuate this agreement. If any real property or structure thereon is provided or improved with the aid of Federal financial assistance extended to the Applicant, this assurance shall obligate the Applicant, or in the case of any transfer of such property, any transferee, for the period during which the real property or structure is used for a purpose for which the Federal financial assistance is extended or for another purpose involving the provision of similar services or benefits.

12. It will establish safeguards to prohibit employees from using their positions for a purpose that is or gives the appearance of being motivated by a desire for private gain for themselves or others, particularly those with whom they have family, business, or other ties.

13. It will comply with the requirements of Title II and Title III of the Uniform Relocation Assistance and Real Property Acquisitions Act of 1970 (P.L. 91-646) which provides for fair and equitable treatment of persons displaced as a result of Federal and federally assisted programs.

14. It will comply with all requirements imposed by the Federal grantor agency concerning special requirements of law, program requirements, and other administrative requirements approved in accordance with FMC 7.

15. It will comply with the provisions of the Hatch Act which limit the political activity of employees.

(Continued on Back)

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16. It will comply with all applicable requirements of Section 13 of the Federal Water Pollution Control Act Amendments of 1972 (*P.L. 92-500*), if the grant is available under any grant authority of that Act, which provides that no person in the United States shall, on the ground of sex be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity under the said Federal Water Pollution Control Act Amendments for which the applicant received financial assistance and will take all necessary measures to effectuate this agreement.

COST OR PRICE SUMMARY FORMAT FOR SUBAGREEMENTS UNDER U.S. EPA GRANTS

(See accompanying instructions before completing this form)

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OMB No. 158-R0144

PART I - GENERAL

1. GRANTEE	2. GRANT NUMBER
3. NAME OF CONTRACTOR OR SUBCONTRACTOR	4. DATE OF PROPOSAL
5. ADDRESS OF CONTRACTOR OR SUBCONTRACTOR *(Include ZIP code)*	6. TYPE OF SERVICE TO BE FURNISHED

PART II - COST SUMMARY

7. DIRECT LABOR *(Specify labor categories)*	ESTIMATED HOURS	HOURLY RATE	ESTIMATED COST	TOTALS
		$	$	
DIRECT LABOR TOTAL:				$

8. INDIRECT COSTS *(Specify indirect cost pools)*	RATE	× BASE =	ESTIMATED COST	
		$	$	
INDIRECT COSTS TOTAL:				$

9. OTHER DIRECT COSTS				
a. TRAVEL			ESTIMATED COST	
(1) TRANSPORTATION			$	
(2) PER DIEM			$	
TRAVEL SUBTOTAL:			$	
b. EQUIPMENT, MATERIALS, SUPPLIES *(Specify categories)*	QTY	COST	ESTIMATED COST	
		$	$	
EQUIPMENT SUBTOTAL:				
c. SUBCONTRACTS			ESTIMATED COST	
			$	
SUBCONTRACTS SUBTOTAL:			$	
d. OTHER *(Specify categories)*			ESTIMATED COST	
			$	
OTHER SUBTOTAL:			$	
e. OTHER DIRECT COSTS TOTAL:			$	$
10. TOTAL ESTIMATED COST				$
11. PROFIT				$
12. TOTAL PRICE				$

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PART III - PRICE SUMMARY

13. COMPETITOR'S CATALOG LISTINGS, IN-HOUSE ESTIMATES, PRIOR QUOTES *(Indicate basis for price comparison)*	MARKET PRICE(S)	PROPOSED PRICE
		$

PART IV - CERTIFICATIONS

14. CONTRACTOR

14a. HAS A FEDERAL AGENCY OR A FEDERALLY CERTIFIED STATE OR LOCAL AGENCY PERFORMED ANY REVIEW OF YOUR ACCOUNTS OR RECORDS IN CONNECTION WITH ANY OTHER FEDERAL GRANT OR CONTRACT WITHIN THE PAST TWELVE MONTHS?

☐ YES ☐ NO *(If "Yes" give name address and telephone number of reviewing office)*

14b. THIS SUMMARY CONFORMS WITH THE FOLLOWING COST PRINCIPLES

14c.

This proposal is submitted for use in connection with and in response to *(1)*_____ . This is to certify to the best of my knowledge and belief that the cost and pricing data summarized herein are complete, current, and accurate as of *(2)*_____ and that a financial management capability exists to fully and accurately account for the financial transactions under this project. I further certify that I understand that the subagreement price may be subject to downward renegotiation and/or recoupment where the above cost and pricing data have been determined, as a result of audit, not to have been complete, current and accurate as of the date above.

(3) _____ DATE OF EXECUTION

_____ SIGNATURE OF PROPOSER

_____ TITLE OF PROPOSER

14. GRANTEE REVIEWER

I certify that I have reviewed the cost/price summary set forth herein and the proposed costs/price appear acceptable for subagreement award.

_____ DATE OF EXECUTION

_____ SIGNATURE OF REVIEWER

_____ TITLE OF REVIEWER

16. EPA REVIEWER *(If applicable)*

_____ DATE OF EXECUTION

_____ SIGNATURE OF REVIEWER

_____ TITLE OF REVIEWER

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INSTRUCTIONS

In completing this form, CAREFULLY READ AND FOLLOW ALL INSTRUCTIONS. Many items are not self-explanatory. Attach additional sheets if necessary.

Use only the applicable portions of this form:

Part I is applicable to all subagreements.
Part II is applicable to all subagreements requiring a cost review pursuant to EPA grant regulations.
Part III is applicable to all subagreements where review is based on price comparison (i.e., price analysis).
Part IV certifications will be executed as required by the regulations and by the instructions for each block.

PART I - GENERAL

Item 1 – Enter the name of the grantee as shown on the grant agreement.
Item 2 – Enter the grant identification number shown on the grant agreement (or assigned to the project, if no grant agreement has yet been executed).
Item 3 – Enter the name of the contractor or subcontractor with whom the subagreement is proposed to be executed.
Item 4 – Enter the date of the contractor's or subcontractor's proposal to the grantee.
Item 5 – Enter the full mailing address of the contractor or subcontractor.
Item 6 – Give a brief description of the work to be performed under the proposed subagreement.

PART II - COST SUMMARY

This portion of the form is to be completed by the contractor (or his subcontractor) with whom a subagreement is proposed to be executed, unless that subagreement is a formally advertised, competitively bid, fixed price contract.

Nothing in the following discussions should be interpreted as recommending the inclusion as direct costs any items normally treated as overhead costs in the firm's accounting or estimating system.

40 CFR 30.710 contains general cost principles applicable to subagreements under EPA grants. Pursuant to that section, all subagreements awarded to profit-making organizations are subject to the cost principles of 41 CFR 1-15.2. Architect-engineer and construction contracts are subject also to 41 CFR 1-15.4.

Item 7 – Direct Labor

Direct labor costs normally include salaries at a regular time rate. Overtime premiums should be identified separately on an attachment. Incurrence of unanticipated overtime costs requires the approval of the grantee at the time of incurrence. If significant overtime is known to be needed at the time of completion of the cost review form, the reasons therefor, labor categories, rates and hours should be identified on an attachment. Also included is the cost of partners' or principals' time when they are directly engaged in services to be rendered under the contract. In case the full time of any employee is not to be devoted to work to be performed under the contract, only the cost of actual time to be applied should be included. The compensation of a partner or principal shall be included as direct cost only for the time that he is expected to be engaged directly in the performance of work under the contract and only if it is the firm's normal practice to charge such time directly to all jobs. The rate of compensation of a partner or principal shall be commensurate with the cost of employing another qualified person to do such work, but the salary portion shall not exceed the actual salary rate of the individual concerned. Distribution of profits shall be included in the rate of compensation.

Enter in block 7 the categories of professional or technical personnel necessary to perform each major element of work under the contract scope of services. Estimate man-hours for each category and extend them by the wage rates to be paid during the actual performance of the work. Current rates, adjusted for projected increases, if any, should be used for the actual categories of labor contemplated. All projected increases should be supported by recent experience or established personnel policy.

Enter in the far right column the total estimated direct labor cost.

Supporting records to be maintained by the contractor and which must be submitted or made available to the grantee or EPA upon request include:

a. The method of estimating proposed man-hours.

b. The computation technique used in arriving at proposed labor rates.

c. The specific documents, books, or other records used as factual source material to develop proposed man-hours and labor rates.

d. Detailed rate computations which were used in computing the information submitted on the form.

If in block 14a, the contractor has checked "No," a brief narrative description of the methods used in arriving at items a through d above shall be included on an attached sheet.

Item 8 – Indirect Costs

Indirect costs may consist of one or more pools of expenses which are grouped on the basis of the benefits accruing to the cost objectives represented by the distribution base or bases to which they are allocated. Since accounting practices vary, the use of particular groupings is not required. Neither is the use of any particular allocation base mandatory. However, it is mandatory that the method used results in an equitable allocation of indirect costs to the cost objectives which they support.

Normally, the firm's accounting system and estimating practices will determine the mthod used to allocate overhead costs. The firm's established practices, if in accord with generally accepted accounting principles and PROVIDED THEY PRODUCE EQUITABLE RESULTS IN THE CIRCUMSTANCES, will generally be accepted. Proposed overhead rates should represent the firm's best estimate of the rates to be experienced during the contract period. They should be based upon recent experience and be adjusted for known factors which will influence experienced trends.

Common overhead groupings are overhead on direct labor and general and administrative expenses. The first grouping usually includes employment taxes, fringe benefits, holidays, vacation, idle time, bonuses, etc., applicable to direct labor. The second generally includes the remaining costs which because of their incurrence for common or joint objectives are not readily subject to treatment as direct costs. It is expected, however, that proposal groupings will correspond with the firm's normal method of accumulating indirect costs. (Under some accounting systems, the first grouping would be included instead under item 7.) No special categorization is required provided the results are realistic and equitable.

Direct salaries are the normal distribution base for overhead costs, but in some circumstances other bases produce more equitable results. As in the case of overhead costs groupings, the method to be used will depend upon the firm's normal practices and the equity of the results produced in the circumstances.

In the case of multi-branch firms, joint ventures or affiliates, it is expected that overhead costs applicable to the specific location(s) where work is to be performed will be proposed. Company-wide, joint venture, or affiliate rate averages may not be appropriate. The rates should be tailored to the work locations. The objective is to allocate overhead costs more precisely.

The rate proposed should be based on cost data from the most recent fiscal periods updated to reflect changes in volume of business or operations.

Enter in block 8 the indirect cost pools normally used by the firm for allocation of indirect costs. Enter the indirect cost rate for each pool and extend each one by the rate base to which it applies to arrive at the estimated indirect costs to be incurred during the actual performance of the work. If the direct labor total from block 7 is not used as the rate base for any of the indirect cost pools, the rate base used must be explained on an attached sheet.

A brief narrative statement outlining the firm's policies and practices for accumulating indirect costs and the method used to compute the proposed rate or rates shall accompany the form. Include comment on the firm's policies regarding the pricing and costing of principals' time. The normal accounting treatment of principals' salaries, the annual amounts, and the hourly charge rate, if used, should be discussed.

Enter in the far right column the total estimated indirect costs.

Supporting records to be maintained by the contractor and which must be submitted or made available to the grantee or EPA upon request include:

a. Detailed cost data showing overhead accounts, allocation bases, and rate computations for the preceding fiscal period. If more than six months of the current fiscal period have elapsed, cost data for this period should be included as one of the three periods.

b. Company budgets, budgetary cost data, and overhead rate computations for future period(s).

Item 9 – Other Direct Costs

The following items are illustrative of costs normally included in this category of costs:

a. Travel costs, including transportation, lodging, subsistence, and incidental expenses incurred by personnel or consultants while in a travel status in connection with the performance of services required by the contract. The cost principles genrally require the use of less than first class air accomodations and also limit the cost of private aircraft.

b. Equipment, Materials, and Supplies

(1) Long distance telephone, telegraph, and cable expenses to be incurred in connection with the performance of services required in connection with the contract.

(2) Reproduction costs including blueprints, black and white prints, ozalid prints, photographs, photostats, negatives; and express charges.

(3) Commercial printing, binding, artwork, and models.

(4) Special equipment.

c. Subcontracts.

d. Other. Direct costs, if any, not included above.

Enter in blocks 9a-d all other direct costs proposed. Travel costs entered must be supported by an attachment which identifies the number of man-trips proposed and the estimated cost per man-trip for both local and long distance transportation. The number of days and the rate per day must be provided to support the per diem shown. Each subcontract and consultant agreement must be identified separately in block 9c. For each subcontract in excess of $10,000, this EPA Form 5700–41 completed and certified by the subcontractor shall be appended.

Enter in the far right column on line 9e the total of all other direct costs (9a-d).

Supporting data to be maintained by the contractor and which must be submitted or made available to the grantee or EPA upon request include:

a. basis for other direct costs proposed,

b. factual sources of costs, rates, etc., used in computing the proposed amount of each cost element.

Item 10 – Total Estimated Cost

Enter the total of all direct labor, indirect costs, and other direct costs from items 7, 8, and 9.

Item 11 – Profit

A fair and reasonable provision for profit cannot be made by simply applying a certain predetermined percentage to the total estimated cost. Rather, profit will be estimated as a dollar amount after considering:

a. degree of risk,
b. nature of the work to be performed,
c. extent of firm's investment,
d. subcontracting of work, and
e. other criteria.

The Federal Procurement Regulations cost principles applicable to subagreements with profit-making organizations (41 CFR 1–15.2 and 1–15.4) disallow certain types of costs which are sometimes incurred by firms in the normal conduct of their business. Examples of costs which are not allowable under these cost principles include, but are not limited to, entertainment, interest on borrowed capital and bad debts. Because the Government considers "profit" to be the excess of price over allowable costs, such computation can indicate a higher profit estimate than the firm's experienced profit as it customarily computes it. The contractor may separately disclose to the grantee its customary computations.

Enter the dollar amount of profit in block II.

Item 12 – Total Price

Enter the total of item 10 and item 11.

PART III - PRICE SUMMARY

This portion of the form is for use by a grantee when price comparison (i.e., price analysis) is utilized in subagreement review. It may also be used by a contractor when price comparison is used as a basis for award of a subcontract.

Item 13 – Competitor's Catalog Listings, In-House Estimates, Prior Quotes

Enter sources of all competitive bids or quotes received, or catalogs used and their prices, or in-house estimates made, if appropriate, for comparison. Attach additional sheets if necessary, particularly for purchases of several different items.

Enter in the far right column the proposed price for the subagreement.

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PART IV - CERTIFICATIONS

Item 14 – Contractor - FOR USE BY CONTRACTOR OR SUBCONTRACTOR ONLY

a. Complete this block only if Part II has been completed.

b. Complete this block only if Part II has been completed.

Enter the specific cost principles with which the cost summary of Part II conforms. Cost principles applicable to subagreements with various types or organizations are identified in 40 CFR 30.710. Cost principles applicable to subagreements with profit-making organizations are those at 41 CFR 1–15.2, and, for architect-engineer or construction contracts, 41 CFR 1–15.4.

c. (1) **Describe** the proposal, quotation, request for price adjustment or other submission involved, giving appropriate identifying number (e.g., RFP No. _____).

(2) **Enter** the date when the price negotiations were concluded and the contract price was agreed to. The responsibility of the contractor is not limited by the personal knowledge of the contractor's negotiator if the contractor had information reasonably available at the time of agreement, showing that the negotiated price is not based on complete, current and accurate data.

(3) **Enter** the date of signature. This date should be as close as practicable to the date when the price negotiations were concluded and the contract price was agreed to (not to exceed 30 days).

Item 15 – Grantee Reviewer - FOR USE BY GRANTEE ONLY

If required by applicable grant regulations, the grantee must submit the signed form for EPA review prior to execution of the subagreement.

Item 16 – EPA Reviewer - FOR USE BY EPA ONLY

☆ U.S. Government Printing Office: 1978 — 677-534/204